

and Protest

(Chinese serving as translator) explained the history of the music, the dozens of marionette four-hour operas he performs annually and the book he was completing on classical Uighur music, the first of its kind. "Music is one of the most important parts of Uighur culture," he said. "People here can wear American T-shirts, but their hearts stay the same. The music, because it's such a symbol of the heart, changes slowly."

Nonetheless, Heet has been changing the music. Influenced by Persian, Arabic and Turkish music, Uighur songs are as vibrant as they are complex, soaring and dipping along the Arabic scale known as the *maqam* and helping to give the Xinjiang region the nickname "the land of song and dance."

Generally thought to have been brought to the area in the ninth century, Uighur music wound up influencing Chinese court music when it became a favorite among Tang emperors.

One of the highlights of Heet's latest recording and first CD, "Heritage," is a song called "Rooster," a story about a rooster awaking his people from darkness to welcome a new dawn.

"The government hasn't said anything to me about the political songs yet," he said, "so I don't know if I have a problem."

That night, Heet brought us to a local tea house, where he sat in the back room, door shut to prevent the sound of the restaurant's one-man synthesizer band from leaking in.

After dinner, Heet found a date in the restaurant. It was warped, out of tune. But when his fingers started sliding and twiddling with heavy-metal speed up and down the long neck, the instrument's defects seemed to disappear.

Wailed rooster-voiced lyrics, verberated, the strings crackled brightly beneath his fingers, up-tempo melodies flowed out of the door. Heet went on for minutes, or hours; it was hard to tell. For a moment, Kashgar was one keeping time to a single clock, the dutar.

The English Shakespeare Company is presenting a "Richard III" featuring a babyish Richard with an angry teddy bear. There is the *Compte Chaudigarth*, "Yerma," a Lorca tale relocated from Spain to a Punjab village in India. There are a few of the attractions in theater, music, dance film to be seen beginning Friday at Festival of Perth in Australia.

Enter Laughing
The British actor-comedian known for his *Peep Show* and *Fawlty Towers*, he has been in *Comedy University*.

He has given his new hit, *Comedy University*, a preview of about 1,200 students.

He is expected to lecture in *Comedy University* at a car or a truck. "I think that we should move the car to the office. I think that we should move the car to the office."

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Herald Tribune

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Salaryman vs. the Yankee Invader

Once-Sure Jobs at Risk as Ailing Japanese Firms Sell to U.S. Ones

By Sandra Sugawara
Washington Post Service

TOKYO — The ominous warnings are everywhere — in Japanese magazines, best-selling books and popular television shows: The American boss is coming and your life will never be the same.

Consider Sara Stanton, Japan's fictional vision of an American boss — aggressive, impersonal and obsessed with profits. "Performance is everything," Ms. Stanton declares in a prime-time television melodrama. The plot: a U.S. company acquires a Japanese bank. Despite years of loyal service, the Japanese employees receive an ultimatum from Ms. Stanton: Bring in new business or risk being fired.

Real American bosses presumably would deliver the message with more finesse. Nevertheless, as ailing Japanese financial companies sell out to American ones and corporate pillars such as Nissan Motors Co. seek foreign investors, these messages are seeping into the once-insulated Japanese workplace.

The defining theme of the Japanese economic system — protecting jobs — is being undercut by global economic forces. Overnight, Japanese employees have been catapulted from a secure world of lifetime jobs and guaranteed raises to

Tokyo urges U.S. to buy Japanese bonds. Page 11.

a potentially scary, yet for some workers exhilarating, world of mega-bonuses, faster advancements and abrupt firings.

Japanese companies, financially drained after years of sacrificing profits to protect employees, are experimenting with similar changes. But Japanese bosses, conditioned for years to think of employees as family and friends, are trying to phase in employment changes gradually. In contrast, American firms swooping in to take over distressed firms often have no such patience or inclination.

See JAPAN, Page 4



Chancellor Gerhard Schröder before a party meeting Tuesday.

Jobless Toll Adds To Stress in Bonn

Schroeder Also Is Facing Demands by Militant Union

By John Schmid
International Herald Tribune

FRANKFURT — Germany's slowing economy has pushed unemployment back up to 11.5 percent, officials reported Tuesday, putting renewed pressure on the government of Chancellor Gerhard Schröder just days after an electoral defeat reduced its room to maneuver.

Europe's biggest economy faced another potential setback as the militant IG Metall union edged closer to an industrial strike. Germany's biggest union late Tuesday said that contract talks had collapsed, opening the way for a strike ballot of its 2.7 million members as soon as next week.

The prospect of either a strike or an expensive wage settlement could deal another blow to Mr. Schröder by imperiling his roundtable consensus talks with unions and industry, meant to find a common front to fight unemployment.

The union, which counts autoworkers among its members, canceled all remaining bargaining dates and said its leaders formally planned Thursday to declare the talks a failure. Keeping up pressure on industry, 82,000 workers laid down tools Tuesday and staged protests at nearly 300 plants across Germany.

The Federal Labor Office reported that the number of unemployed people jumped to 4.45 million in January, the third consecutive monthly increase, from 4.197 million in December. That pushed January's jobless rate up to 11.5 percent from 10.9 percent in December, the agency said. The jobless toll rose to 18.9 percent in Eastern Germany, and to 9.7 percent in the West.

With little more than 100 days in office, Chancellor Schröder's coalition government of Social Democrats and Greens saw its authority undermined this week by a surprise defeat for its political allies in an election in the state of Hesse. That loss will not only remove Hesse's leftist coalition from the statehouse but from the Bundestag as well, shifting the majority in the upper house to the opposition conservatives.

The Bundestag, which represents Germany's 16 states, can now block legislation, potentially creating political gridlock, with clashing ideologies in each chamber.

After Mr. Schröder won the September election on a pledge to fight unemployment, January's precipitous rise in unemployment refocused attention on Bonn's most urgent domestic issue.

"The directionless politics of Schröder's government has left deep imprints on the jobs market, too, after 100 days," said Hermann Kues, deputy opposition leader for the Christian Democrats in the Bundestag, the lower chamber.

In the wake of the latest jobs figures, "there is now enormous pressure on this government," said Thomas Mayer, senior economist in Frankfurt for Goldman, Sachs & Co.

Although unemployment always rises in winter for seasonal reasons, the president of the Federal Labor Office, Bernhard Jagoda, said that sluggish economic conditions contributed to January's figures. Mr. Jagoda said he "could not rule out that the current weak phase in the economy will have an effect on the jobs market."

The alarming jump in unemployment obscured some small signs of optimism. After statistical adjustments to strip out seasonal trends, unemployment fell by a deeper than expected 59,000 compared to December to a seasonally adjusted 4.092 million. That pushed the adjusted jobless quota marginally lower to 10.6 percent from 10.7 percent.

The Dollar			
New York	Tuesday 9:45 A.M.	previous close	
Euro	1.1306	1.1322	
Pound	1.6375	1.6399	
Yen	114.125	114.545	
DM	1.7301	1.7273	
FF	5.8024	5.7932	
The Dow			
Tuesday	Thursday	percent change	
-158.06	9,133.03	-1.70%	
-27.63	1,216.14	-2.32%	
-94.12	2,310.80	-3.91%	

AGENDA

Salt Lake Blames 2 Olympic Aides

The top two officials of Salt Lake City's Olympic bid were condemned Tuesday by an internal ethics investigation into the biggest corruption scandal in the history of the games.

The report, more than 300 pages long, primarily targeted Tom Welch, who directed Salt Lake's successful bid for the 2002 Winter Olympics, and Dave Johnson, his top lieutenant, accusing them of hidden payments and deceptive practices.

Both men, who are no longer with the Salt Lake City committee, have denied wrongdoing. Page 18.

'Shakespeare' Tops Oscar Nominations

"Shakespeare in Love," a romantic comedy, snared 13 Oscar nominations Tuesday, gearing up to do battle for Hollywood's best picture of 1998 with the World War II epic "Saving Private Ryan," with 11 nominations. "Life Is Beautiful," "Elizabeth," and "The Thin Red Line." "Life Is Beautiful" also was nominated as best foreign language film.

The Oscars will be awarded in Los Angeles on March 21. Page 20.

U.S. Warns Serbs On Peacekeepers

WASHINGTON (Reuters) — Yugoslavia would be making a "big mistake" if it refused to allow foreign peacekeepers into Kosovo and could trigger NATO air strikes as a result, the United States said on Tuesday.

A State Department aide spoke after Serbs had said they would not allow foreign peacekeeping troops into Kosovo under any terms, and won strong backing from Greece, a NATO member and also a neighbor in the troubled Balkans. Page 5.

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Final Debate On Clinton To Be Held In Secret

By Brian Knowlton
Washington Post Service

WASHINGTON — The impeachment trial of President Bill Clinton entered its final phase on Tuesday as senators voted to hold their final deliberations in secret, but with little doubt now that they will vote later this week to acquit him.

A motion to hold the debate before television cameras and the public failed by a vote of 59 to 41, eight votes short of the two-thirds required. All but one of the 45 Democrats voted for open debate. Republicans opposed it by 41 to 14.

There was little expectation that many minds would be changed by the senators' comments behind closed doors, which come at the close of a grueling five-week trial in which the central arguments of each side have been heard, reheard and heard again.

The majority leader, Senator Trent Lott, Republican of Mississippi, said

What did it all add up to? Page 3.

that each member would have up to 15 minutes to speak, which could take the Senate to late Thursday or early Friday.

But he gently reminded senators that "Lincoln gave his Gettysburg Address in less than three minutes." The Mississippi senator said that he wants to complete the trial by Friday, when the Senate is to begin a one-week recess.

Nor did senators' intentions appear to have been influenced by the closing arguments Monday of Mr. Clinton's lead attorney, Charles Ruff, or the 13 House "managers," who continued to push, clearly with a sense of imminent defeat, for the president's removal from office.

There appears to be virtually no chance the 67 votes required for conviction will be obtained on the perjury or obstruction of justice counts facing Mr. Clinton. The precise contours of opinion in the chamber, however, will remain unclear until the final votes on Thursday or Friday.

Senators continued, meanwhile, to search for an alternative to removing Mr. Clinton from office, working on the language of a censure or rebuke that might win bipartisan support after the trial ends.

Several Democrats and a handful of Republicans had lobbied for the deliberations to take place before the public eye.

"I want Congress in the future who have to deal with this," said Senator Kay Bailey Hutchison, Republican of Texas, "to have the precedent for how we came to this decision."

But some other Republicans have said that they fear Democrats would use open debate to launch political attacks on the House prosecutors and the independent counsel, Kenneth Starr.

Mr. Clinton returned to Washington early Tuesday after attending the funeral of King Hussein in Amman.

Some in Washington were already beginning to look beyond the trial. Even the 13 prosecutors, their work over, were turning back to House business.

Representative Dennis Hastert of

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The Internet: www.ihb.com

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Newstand Prices	
Atlanta	10.00 FF Lebanon
Amman	12.50 FF Morocco
Cairo	10.00 FF Qatar
Canton	1.600 CFA Réunion
Egypt	10.00 FF Saudi Arabia
France	1.100 CFA Senegal
Italy	3.000 Lira Spain
Ivory Coast	1.250 CFA Tunisia
Jordan	1.250 JD U.A.E.
Kuwait	7.00 FF U.S. MIL (Eur)



Former Prime Minister Laurent Fabius arriving at the special trial Tuesday in Paris.

3 Ex-Ministers Go on Trial in Paris

Court Hears Manslaughter Charges Over AIDS-Tainted Transfusions

By Craig R. Whitney
New York Times Service

PARIS — France put three former government ministers on trial Tuesday on charges of manslaughter and criminal negligence in a blood-transfusion scandal, a proceeding as politically charged as President Bill Clinton's impeachment trial in the United States.

Former Prime Minister Laurent Fabius and two health ministers who served under him between 1984 and 1986 denied the charges when they appeared Tuesday before a specially constituted tribunal, the Court of Justice of the Republic, the first since World War II to try ministers for crimes allegedly committed in office.

The three are accused of involuntary homicide, the equivalent of man-

slaughter, and "involuntarily attacking the physical integrity of others" in the cases of seven people who contracted AIDS after receiving blood containing the virus from government stocks in the mid-1980s. About 4,400 people were infected with the virus in the scandal, and about 40 percent have since died.

Mr. Fabius and the two other former ministers contested all the charges Tuesday, including the accusation that they delayed testing of blood for the AIDS virus in order to give a French-designed test a chance to compete commercially with an American-made one that was available months earlier.

"I hope this necessary trial will allow us to establish that from what we knew, we acted in good conscience," Mr. Fabius said in a statement to the court, which has no permanent build-

ing and sat for the first time Tuesday in a state-run conference center near the Arc de Triomphe.

Georgina Dufoux, who was minister of social affairs, and Edmond Herve, secretary of state for health in Mr. Fabius's government, also made statements disputing charges that they had delayed action for commercial reasons.

Mrs. Dufoux and Mr. Herve are charged with letting unsterilized blood and blood products remain in stocks used to treat hemophiliacs for several months in 1985 even though they allegedly knew that the untreated products could be infected with the virus. The two will also answer to charges of negligence in enforcing health regulations on screening donors

See FRANCE, Page 5

Beijing Pulls Back in Hong Kong Rift

By Philip Segal
International Herald Tribune

HONG KONG — China sought Tuesday to cool down what has threatened to become Hong Kong's first constitutional crisis since the territory was returned to Chinese rule in 1997.

The new dispute represented the second time in a month that the integrity of Hong Kong's legal system has come under question.

In what appeared to be an unprecedented challenge to Hong Kong's legal and judicial independence, a Chinese cabinet official in Beijing spoke out Monday to denounce a Hong Kong

court ruling last month on immigration from the mainland, labeling it a mistake that violated the Basic Law, the former British territory's postcolonial constitution.

The comment set off a storm of protests in Hong Kong and warnings by investors that China should not tamper with the rule of law here.

On Tuesday, the Foreign Ministry in Beijing sought to repair the damage.

"The central government has unwaveringly implemented the 'one country, two systems' policy in Hong Kong," a ministry spokeswoman, Zhang Qiyue, stressed at a news briefing. "On this issue, there is no change at all."

Immediately at issue is the independence of this former British colony's Common Law system, which is supposed to operate independently of China in most areas except for defense and foreign affairs.

From the time China resumed sovereignty over Hong Kong, most people here, including politicians most wary of Beijing, generally agreed that China had kept its promise to stay out of Hong Kong's internal affairs.

But with Beijing's declaration that a landmark ruling by Hong Kong's highest court "should be changed," one

See HONG KONG, Page 4

See GERMANY, Page 6

From Prison Cells, an Alliance for a New Era

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — When they both had their liberty, when they had power and meteoric careers, rarely were their names mentioned in the same breath. But today, from inside their spartan prison cells, Anwar Ibrahim and Lim Guan Eng have found a bond, so close for two fallen politicians.

They exchange letters — one each so far — about legal reform and their shared vision for the country's future, a far cry from the days when discussing such matters together in public would have been a major political liability.

Their letters have been distributed among social activists and members of the political opposition, people who hope that the correspondence provides, in a small way, the antecedents of a new era of politics in Malaysia.

"Through it all, despite our differences, I sense that we both share the same reforming zeal — reforming the political system to make government more accountable, to make democracy more participatory and make our

Malaysia Politicians Bond In Their Zeal for Reform

political culture more ethical and moral," Mr. Lim wrote to Mr. Anwar last month.

Mr. Anwar wrote: "I am sure that you are aware that since our misfortunes, even housewives

Judge orders Anwar to keep politics out of his defense. Page 4.

schoolchildren have begun to question whether there is democracy and justice in Malaysia."

In the days when they were free, Anwar Ibrahim and Lim Guan Eng had ambitions and careers as different as their Malay and Chinese backgrounds.

Mr. Lim was a feisty social activist, considered by many to be the most articulate government critic, challenging the leadership openly and often. Mr. Anwar was a portrait of the establishment, the heir to the top job in

government before he fell out of favor with his boss, Prime Minister Mahathir bin Mohamad.

Mr. Lim writes his letters from a 3-meter-by-2.5-meter cell. There are no country-club prisons in Malaysia's penal system. Common criminals are warded side by side with members of Parliament. Prisoners are given a blanket and sleep on the concrete floor or with a thin mattress.

Mr. Anwar, who is under medication for a stomach ailment, is being kept in the medical ward of a prison a few dozen kilometers away.

Mr. Lim writes about the "Great Divide of race and religion" in Malaysia and looks to the day when political parties in the country will no longer be based on ethnicity. Mr. Anwar writes about the "oppressive" powers of the political elite. "Our forefathers fought against colonial power for freedom and justice and NOT to be repressed by indigenous oppressors. It's quite paradoxical for the so-called ardent nationalists to use the same draconian colonial laws to stifle dissent and opposition."

See ANWAR, Page 4



Lim Guan Eng being led away to begin his jail term.

ASIA/PACIFIC

Keep Politics Out of It, Judge Orders Anwar

By Mark Landler
New York Times Service

KUALA LUMPUR — For a few brief moments in a courtroom here Tuesday, Anwar Ibrahim provided a rare glimpse into the debates that raged in the Malaysian capital last year as the Asian financial crisis devastated the country's currency and threatened its economy.

Tesifying for the second day in his sex and corruption trial, Mr. Anwar, the former deputy prime minister, said that he and his boss, Prime Minister Mahathir bin Mohamad, had major differences about how to respond to the "financial convulsion engulfing the region."

Mr. Anwar said that during this period of escalating tension, the police had initiated an aggressive investigation into his personal life.

But before Mr. Anwar could elaborate, the judge cut him off, declaring that Mr. Anwar could not cite evidence of a political conspiracy to defend himself from charges that he had abused his authority. The ruling by Judge Augustine Paul knocked out a central plank of Mr. Anwar's defense and leaves his legal prospects looking bleak.

Mr. Anwar, who was ousted and imprisoned in September, contends that the corruption and sex-related charges against him were trumped up by his political enemies following his policy disputes with Mr. Mahathir.

"A political conspiracy, if any, against the accused is not relevant," said the judge, rejecting an impassioned plea by Mr. Anwar's lead lawyer.

Political analysts and lawyers here said the ruling was a potentially grievous setback because the trial is as much a political battle as a criminal case. If Mr. Anwar is not allowed to discuss the conduct of Mr. Mahathir and other Malaysian officials, they said, he will have to defend himself against narrow charges that he sought to quash a police investigation.

"They would have preferred to have

the conspiracy included because Anwar would have had a lot to say," said C.V. Prabhakaran, a lawyer who sat in on the hearing as a representative of one of the defense witnesses. Asked whether Mr. Anwar's lawyers could marshal an effective defense in light of the ruling, he said, "Looks like no more."

Mr. Anwar's lawyers insisted that their client still had a case. They said they would use other avenues to publicize the information that Mr. Anwar was prepared to discuss on the witness stand.

"If we can't show it to the court, we'll show it to the people," said Gurbachan Singh, one of Mr. Anwar's attorneys.

But in this country of tightly controlled news media, getting Mr. Anwar's message out is not easy. While local newspapers carry ample coverage of the trial, they tend to dwell on the lurid nature of the charges against him.

Indeed, the prosecution has been able to wage a powerful campaign in the court of public opinion. The charges against Mr. Anwar originally linked his purported cover-up attempts with his alleged sexual misconduct. For weeks, the prosecution ostentatiously displayed in the courtroom a mattress that they said contained semen stains from Mr. Anwar.

After the prosecution wrapped up its case two weeks ago, the judge amended the charges to drop the alleged sexual misconduct. As a result, the government now has only to prove that Mr. Anwar meddled in the police investigation. It also means Mr. Anwar's lawyers cannot challenge the sex charges.

The sex case against Mr. Anwar seemed to be weakening in any event. On Tuesday, one of the five men allegedly sodomized by Mr. Anwar retracted his statement. The man, Mior Abdul Razak, said he had been "forced and threatened by the police after his arrest" to make false statements. Two of the other five men also retracted claims that they were sodomized by Mr. Anwar, while a third has given conflicting testimony.



Octavio Soares, an East Timorese student activist, center, arguing with a bystander during an anti-independence demonstration Tuesday.

Student-Police Scuffle in Jakarta

The Associated Press

JAKARTA — Anti-riot officers detained at least 40 student protesters Tuesday who had tried to march to Parliament to demand a trial of former President Suharto. Police and soldiers scuffled with some students as they carried them to two trucks, but there were no injuries. Authorities said they planned to release them after questioning.

About 100 protesters had gathered before security forces broke up the demonstration, saying organizers had no permit to protest. The activists chanted anti-Suharto slogans and said they wanted an investigation of the military's killing of at least nine campus activists during protests for political reform in November.

Rebel Leader to Leave Jail

A prison official announced Tuesday that the jailed East Timorese rebel leader, Xanana Gusmao, will be moved to house arrest. Reuters reported.

Indonesian officials have said that Mr. Gusmao would be allowed to participate in finding a solution for the territory of East Timor, which Indonesia invaded in 1975 and annexed the following year, a move not recognized by the United Nations.

The move is seen as a response to mounting international pressure to release him from prison to smooth efforts to end the dispute over East Timor's future.

New Test for Indonesia

June Elections Offer Promise and Risk

By Michael Richardson
International Herald Tribune

JAKARTA — Despite a deep recession and chronic violence, Indonesia is preparing to hold general elections on June 7 that seem likely to be the freest and fairest since the country's last, short-lived experiment with democracy in 1955.

Yet the very fact that many of the old constraints on political activity have been lifted following the end of 32 years of autocratic rule under former President Suharto in May makes the conduct of the elections and their outcome not only more uncertain but also potentially destabilizing, analysts say.

Adding a new element of controversy to the campaigning that will officially start in May, a leading Indonesian newspaper reported Tuesday that the governing Golkar party is likely to nominate president B.J. Habibie, Mr. Suharto's successor and former protégé, as its candidate in presidential elections in November.

In a speech Tuesday, Mr. Habibie did not confirm that he would be a candidate.

He said he was determined to hold elections that were "as fair and honest as possible," adding that "whoever wins, we must accept them with a big heart."

Although Mr. Habibie has been praised by many foreign governments for his steps to improve human rights and civil liberties in Indonesia since he came to office, he is regarded as a weak and discredited head of state at home.

Opinion polls show he is very unpopular, well behind several prominent opposition leaders.

As a result, some Indonesian analysts say that Mr. Habibie should have announced long ago that he would not be a presidential candidate, thus making it clear that he would be impartial in overseeing the installation of the democratic system that he has promised.

Still, dozens of new political parties began to register Friday for the first time in nearly three decades — a sure sign that they expect the revised political laws adopted by Parliament on Jan. 28 to give them a real chance of gaining power.

After talks with opposition as well as government leaders in Indonesia last week, the U.S. assistant secretary of state for East Asia and Pacific affairs, Stanley Roth, said that while he had heard a few complaints from the opposition camp, "they felt that under this set of laws not only could they compete, but they would compete."

Under Mr. Suharto, only three parties were allowed — Golkar and two "opposition" groups, the Muslim-oriented United Development Party and the Indonesian Democratic Party, encom-

passing former nationalist and Christian parties.

Officials expect more than 140 parties to register for the June elections, although they say only about 30 will qualify for the contest.

Although there may yet be bitter contention, analysts agree that the process for selection of eligible parties, voter registration and the conduct of polling is no longer easy for the government to manipulate in its favor.

"This is an entirely new election, the likes of which we haven't seen in Indonesia since the 1950s," Mr. Roth said.

"You have a free press. You have multiple parties that will have observers all over the country. You have an agreement that there will be international monitors."

Still, many analysts worry that with the economy of the world's fourth most populous nation in crisis, millions of people out of work and living in poverty, widespread ethnic and religious tensions, and the once powerful armed forces unable to keep the peace, the elections could easily degenerate into violence and chaos.

Harry Tjan Silalahi, deputy chairman of the board of directors of the Center for Strategic and International Studies, said there was a risk that competitive elections could rekindle disputes and violence.

"Yet a general election is necessary," he said. "It's the jury for settling political differences and putting in place a legitimate government to run Indonesia for the next five years."

Under Mr. Suharto, Golkar election victories by an overwhelming majority were a foregone conclusion. Now, even Golkar officials concede that the most likely outcome of the June voting will be a coalition government formed by two or more parties.

Agreeing that the era of Golkar dominance had ended, the Indonesian state secretary and presidential spokesman, Akbar Tanjung said in an interview that "we understand that no single party will get 50 percent of the seats in Parliament."

But he said that Golkar expected to get "much support" in the elections, and would be ready to work with other parties to form a workable coalition.

Opposition leaders express similar sentiments. But the historical precedents are not encouraging. In 1955, political squabbling intensified after an election in which no party won a big enough majority to form a government in its own right.

The economy deteriorated. Then President Sukarno and the military took control, ushering in a long period of "guided democracy," a euphemism for the authoritarian rule that Mr. Suharto continued.

Taiwan Hands Over 5 Hijackers of Chinese Airlines to Beijing

Reuters

TAIPEI — Taiwan handed over five paroled Chinese hijackers to the Communist mainland Tuesday in a goodwill gesture seen as easing bilateral tensions ahead of a high-level meeting in Taiwan.

Taipei had planned to repatriate nine of the air pirates who have hijacked mainland airlines to the Nationalist-ruled island in the 1990s but held four back after one attacked a Taiwan official while en route back to China.

The nine were flown to Taiwan's fortified island of Jinmen, where five were put on a Chinese Red Cross boat for the short passage to Xiamen, three kilometers (two miles) away.

Taipei described the move in humanitarian terms

as enabling the hijackers to be home for the Feb. 16 Chinese Lunar New Year, even though they would be in custody. None of the nine had served their full prison terms, but all had become eligible for parole.

Plans to return them were seen as a gesture to improve the climate for a visit by a senior mainland envoy to Taiwan, which may take place in April. The visit by Wang Daohan, Beijing's top Taiwan envoy, would reciprocate for a trip to Beijing in October by Koo Chen-fu, a Taiwan official.

In Beijing, Zhang Qiyue, a government spokesman, sidestepped questions about how the hijackers would be treated on their return and called anew for Taipei to hand over five mainland air pirates still imprisoned in Taiwan.

Sixteen mainlanders hijacked 13 airliners to Taiwan from 1993 to 1998, 12 of them in a 1993-94 spate that led to a sweeping overhaul of China's airport security.

Still in Taiwan's custody is Yuan Bin, a pilot who embarrassed Beijing by commandeering his Air China jet with 104 passengers to the island in 1998 to highlight what he said were poor working conditions at the state carrier.

On Saturday, Taipei repatriated two children who had been brought along when their parents hijacked planes.

Because Beijing does not recognize Taiwan's criminal verdicts, the returnees face retrial on the mainland and the probability of even longer prison terms.

LETTERS: Unlikely Correspondents

Continued from Page 1

To be sure, there is more than a good dose of political grandstanding in their letters. But there is also perhaps something more simple: kinship, exchanging letters with someone in the same predicament.

While the age of the Internet and fax machines has humbled the notion of the ordinary letter, in the seclusion of a prison cell, inmates are as pleased to get mail as a homesick child in summer camp.

"They mean very much, very very much," said Syed Husin Ali, a political prisoner for six years in the 1970s, referring to letters in prison. "Every time the warder comes around with mail he will be shouting from a distance, 'Surat! Surat! Surat!' Letters! Letters! Letters!" And everyone will rush to the front of the cell, each waiting eagerly to receive one.

Both men discuss their court cases and the reasons for their incarceration. Mr. Anwar, 51, was dismissed by Prime Minister Mahathir last September and was charged with sodomy and corruption. He has been denied bail.

Mr. Lim, 39, is serving an 18-month term for publishing and distributing a pamphlet that criticized the government. He started his sentence last August.

Taken together, the ordeals of the two men have changed the way Malaysians view their government. Mr. Anwar's arrest led to street protests and a general unease among the often well-traveled, well-educated Malaysian middle class.

"In some ways," Mr. Anwar wrote Mr. Lim, "our incarceration has helped open the eyes of Malaysians to the injustices in our system, and thereby to rouse them from their complacency and encourage them to participate more meaningfully in the political process."

Mr. Lim went to prison after a judge refused to overturn his conviction for printing and distributing a political pamphlet that a lower court had ruled seditious. The pamphlet criticized the government's decision not to press statutory-rape charges against a former senior government official.

The pamphlet questioned why a schoolgirl involved in the scandal — she was 15 at the time — had been detained in the case but not the official, who was then regarded as a protégé of the prime minister's.

After hearing the final ruling, Mr. Lim stood stone-faced in the dock, surrounded by weeping women: his wife, his mother and other family members. He gave his wife everything he would not need in prison — ear keys, wallet and suit coat. He placed his national identity card in his shirt breast pocket and turned to face a group of reporters crammed against the wooden railing of the dock.

"I will hold up the handcuffs that will be placed upon me not as a symbol of shame but as a symbol of pride and honor," he said in a quivering voice. "My political career may have been

terminated, but my political struggle will go on." The sentence disqualified Mr. Lim from Parliament for five years from the date of his release. He was handcuffed and led away.

A few weeks after Mr. Lim began his jail term, Mr. Anwar was dismissed, a move that shocked the country. Mr. Anwar was considered the man who would lead Malaysia into the 21st century.

The ousted deputy prime minister fought his dismissal with protests around the country, culminating in a demonstration of tens of thousands of people in the center of Kuala Lumpur. He was arrested and beaten by the police, leaving him badly bruised.

A week later he was charged with sodomy and corruption.

His trial is nearing completion, but there is more to come. "There are other charges against him that have not yet been proffered," Mr. Mahathir said recently. "Whether he is acquitted or not, he will have to face more."

If Mr. Anwar is convicted he might join Mr. Lim at Kajang prison in a similar cell. Mr. Lim seems to think so, anyway.

"Prison authorities here in Kajang are making feverish preparations for your cell even though your trial is still continuing," Mr. Lim wrote Mr. Anwar.

"One is curious," he added, "how they can be so certain of your impending conviction."

Handshake May Show One's Grip on Life

Reuters

CHICAGO — A firm handshake may mean a healthy old age.

Researchers reported on Tuesday that a 25-year study of more than 6,000 Japanese-American men living in Hawaii found that hand grip strength at midlife was a powerful predictor of physical disability in later years.

Hand grip strength has been found to correlate with the strength of other muscle groups and is a good indicator of overall strength, the study said.



Anwar Ibrahim being carried on the shoulders of his supporters shortly before he was arrested at his home in Kuala Lumpur last year.

"Hand grip strength was highly predictive of functional limitations and disability 25 years later," said the study published in this week's issue of the Journal of the American Medical Association.

Hand grip strength has been found to correlate with the strength of other muscle groups and is a good indicator of overall strength, the study said.

JAPAN: The Specter of an Invasion of American-Style Economics Is Rattling the System

Continued from Page 1

Consider the deal between Citigroup Inc. and Nikko Securities Co., Japan's third-largest brokerage, billed at first as a union of two mighty brokerage firms, as East meets West. But it soon became clear that the real purpose of Citigroup's \$1.6 billion investment was to buy Nikko's corporate client list and its star performers. Teetering near financial collapse, Nikko had no choice.

About 400 of Nikko's 8,000 employees made the cut, moving over to the nearby modern, plush offices of Salomon Smith Barney Inc., which is owned by Citigroup. Left behind at the still-struggling Nikko are those involved in selling stocks to individuals and oth-

ers that Citigroup thought were unlikely to generate new corporate business.

"When news of the deal hit us, we became despondent, not being able to cope with the shock," one Nikko worker said. He was not asked to join the new company, Nikko Salomon Smith Barney, and suspects it was partly because his English is weak. Indeed, a source close to Citigroup said that in jobs where employees need to brief foreign clients, English language skills are important.

At Toho Mutual Life Insurance Co., English skills are less critical. Most insurance sales are to Japanese families. So when U.S.-based General Electric Capital Corp. rescued the company last year, Japanese employees hoped their jobs would become more secure. The

HONG KONG: China Relaxes Its Stand

Continued from Page 1

of the key parts of what has made Hong Kong's relationship with China work until now appeared to be under threat.

"This is potentially the worst news to come out since the British and the Chinese first sat down to discuss the return of Hong Kong," said Martin Lee, the leader of the opposition Democratic Party, Hong Kong's most popular opposition group.

The court ruled last month that the immigration law hastily passed in the first few days of Chinese sovereignty in Hong Kong was unconstitutional, a decision that paved the way for several hundred thousand children in China to immigrate to this territory of 6.5 million people.

If China should get its way and its Parliament overturns the decision of the Hong Kong courts, "then there goes rule of law in Hong Kong," Mr. Lee said.

"This is not a time bomb," he added. "It is the atomic bomb."

Under the Basic Law, the constitution that China drew up for the Hong Kong Special Administrative Region, as it is now known, the Court of Final Appeal has jurisdiction over whether most cases are constitutional.

The Basic Law can be amended, but doing so could open an avenue that Beijing may not want explored, as pro-democracy parties have been calling for amendments to introduce a greater degree of electoral representation in the Legislature.

Leading figures in the business and legal communities called for a quick resolution to stem the growing sense of crisis. The former head of the Securities and Futures Commission, Anthony Neoh, said Tuesday in a newspaper article that the legal controversy over the court decision "could potentially damage the authority of our courts and, in turn, the integrity of our legal system."

Last week, a single statement by the secretary for justice, Elsie Leung, explaining why she refused to prosecute a high-profile publisher with close links to

Beijing, led to a call for a motion of no-confidence in her.

In this case, three senior employees of publisher Sally Aw's English-language newspaper Hong Kong Standard were convicted of conspiracy to defraud, after falsely inflating circulation figures for the paper. The publisher was named a co-conspirator by the Independent Commission Against Corruption but was not charged in the case.

The furor arose when the secretary for justice, Ms. Leung, revealed that one of the reasons she declined to charge the publisher was that a guilty verdict might have been bad for business and could have caused job losses.

The ensuing controversy has thrown open the doors to charges of the kind of cronyism that still predominates in much of the rest of Asia.

"People will say we have a different law for the rich," said Mr. Lee, the Democratic Party leader.

The chairman of the Hong Kong Bar Association, Ronny Tong, said that Ms. Leung's statement would do "immense damage to Hong Kong's image."

In an editorial, the Hong Kong-based South China Morning Post, a competing paper, roasted Ms. Leung's reasoning: "By the same logic, property companies should never be charged with building faulty apartments because any such trial would undermine confidence in an important sector of the economy."

As in the case of the court decision, there is a Beijing connection in Ms. Aw's case. As head of the Sing Tao publishing group, she runs newspapers that support many of China's policies regarding Hong Kong. She has publishing deals in China and she is a member of the Chinese People's Consultative Conference. She is well-connected in Hong Kong, too. The territory's chief executive, Tung Chee-hwa, once served on her company's board of directors.

Ms. Leung, the secretary of justice, has continued to deny that political considerations or personal connections entered into her decision not to prosecute.

hollowed-out Toho Life had no jobs to offer them, they were given early retirement payments and sent packing.

"Toho people are upset," said Issei Daichi, who has written extensively on the insurance industry. "They think if it were a Japanese company, this would not have happened to them."

Merrill Lynch & Co. has tried to attack the cultural issues head on, spending three months training about 2,000 employees from the failed Yamaichi Securities on "the Merrill Lynch way." But it is not clear whether Merrill Lynch's efforts to transform Japanese stock salesmen into American-style investment advisers will work. The company acknowledges it is losing more money on its Japanese retail sales effort than expected.

BRIEFLY

China Cuts Ties With Macedonia

BEIJING — China severed diplomatic ties with Macedonia on Tuesday over the Balkan state's decision to establish relations with Taiwan, the Xinhua press agency said.

The move threw into question the future of a UN peacekeeping force stationed in Macedonia. A mandate for the UN force, which was deployed to deter the spread of fighting to Macedonia from other parts of the former Yugoslavia, expires Feb. 28.

China, a permanent member of the UN Security Council, has threatened to veto a renewal of the mandate because of Macedonia's ties with Taiwan. China considers Taiwan part of its territory. (Reuters)

U.S. Denies Offer To North Koreans

WASHINGTON — The United States denied Tuesday that it was planning to offer food to famine-stricken North Korea in exchange for permission to visit an underground building site that could be part of a revived nuclear program.

"Our policy is to provide food on a humanitarian basis and we do not link it to other issues," a State Department official said.

He added that the World Food Program had sent out an appeal for food aid for North Korea for this year and the United States had not responded to it.

The U.S. response will be based only on an assessment of the humanitarian needs of North Korea, which has suffered several years of famine caused by floods and drought, he added. (Reuters)

Cambodian Chief In China for Talks

BEIJING — Prime Minister Hun Sen of Cambodia arrived in Beijing on Tuesday for talks with Chinese leaders amid speculation on whether China will block international efforts to prosecute Khmer Rouge leaders.

A Foreign Ministry spokeswoman, Zhang Qiyue, did not say whether China would wield its veto power in the UN Security Council to prevent the formation of an international tribunal. Such a tribunal could reveal embarrassing details of China's cooperation with the Khmer Rouge when it ruled Cambodia with terror. (AP)

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INTERNATIONAL

Sudanese Tests Find No Chemical Weapons at Bombed Plant

By James Risen
and David Johnston
New York Times Service

WASHINGTON — Chemists who examined soil, sludge and debris samples from a Sudanese pharmaceutical plant that was destroyed in August by American cruise missiles found no traces of chemical weapon compounds, according to a scientist hired by the owner of the plant.

The findings, though prepared privately for lawyers for the owner, who is now seeking redress from the United States, raise new questions about the government's reliance on tests of soil samples from the site obtained clandestinely by the CIA. American officials had said the samples contained traces of Emptia, a precursor used in the production of deadly VX nerve gas.

The United States attacked the Al Shifa pharmaceutical plant in Khartoum

and suspected terrorist training camps near Khartoum, Afghanistan, on Aug. 20 in an effort to curb the activities of the Saudi exile Osama bin Laden after the bombings of two American embassies in East Africa. U.S. officials have said that the bin Laden terrorist network was behind the bombings of the diplomatic missions in Kenya and Tanzania. Mr. bin Laden has denied any role in the bombings.

At the heart of the new evidence are 13 carefully cataloged samples taken from the wrecked plant and its grounds late in October. The sampling project was designed and supervised by Thomas Tullius, chairman of the chemistry department at Boston University.

"The point of what we did was to carefully and scientifically collect samples from a variety of locations and have them analyzed by one of the top laboratories in the world for this kind of work," Mr. Tullius said in an interview.

"What they found was that in those

samples, to the practical limits of scientific detection, there was no Emptia or Empta, its breakdown product."

In response to the new findings, Clinton administration officials said they stood by their decision to strike the plant. The officials dismissed the findings of chemists working on behalf of the plant's owner, Salih Idris, noting that their soil samples were taken long after the United States obtained its soil from the site and long after the bombing and rains could have dispersed incriminating evidence.

Moreover, while acknowledging that they did not know that Mr. Idris owned the plant at the time of the attack, other U.S. officials say they now have strong evidence linking him to Mr. bin Laden.

"We stand by our evidence indicating the presence of a chemical weapons precursor at this plant," said P. J. Crowley, a spokesman for the National Security Council at the White House. "We stand by our evidence linking this plant to

Osama bin Laden's network. We continue to believe that this was an appropriate action to pre-empt Osama bin Laden from further attacks against the United States."

In the study for the owner, several ground locations at the plant were surveyed, along with interior sites in the plant that were covered by debris and partly protected from rain. One location, a septic tank, was found intact and provided what Mr. Tullius said was a historical record of the chemicals flushed through the plant drains.

The lab analysis found that none of the samples contained detectable levels of Emptia, nor did they find Empta, the subsidiary compound into which Empta rapidly breaks down. Empta, Mr. Tullius said, breaks down within days, but Empta remains in the soil, and even in small quantities would be detectable for weeks or months after contact with the ground. In addition to the evaluation of the soil

samples, an international security company, Kroll Associates, was hired by Mr. Idris's lawyers to conduct a detailed review of the Shifa controversy. In their report, made available to The New York Times, Kroll Associates found no evidence of a direct link between Mr. Idris and Mr. bin Laden.

The scientists and investigators were hired by the law firm of Akin, Gump, Strauss, Haner & Feld, which represents Mr. Idris, a Sudanese-born Saudi businessman. The firm has long had a reputation of influence in Democratic circles. But its credentials have not benefited Mr. Idris. The firm's lawyers have been flatly rebuffed in their efforts to present their findings to the White House and several government departments.

"We've been confronted with the problem of proving a series of negatives that there was no Empta at the plant and that Idris was not a terrorist," said Mark MacDougall, a partner at the law firm.

Minister Quits In Iran After Agents Are Tied to Deaths

The Associated Press

TEHRAN — Iran's intelligence minister has resigned, four weeks after his ministry admitted its agents were involved in the killing of five dissidents. Iranian media reported Tuesday, President Mohammed Khatami accepted the resignation of Qorbanali Dorri-Najafabadi, thanking him for his "great efforts and services," the official Tehran radio reported.

The president asked Mr. Dorri-Najafabadi to continue in office until his replacement had been approved by the Parliament, the radio reported.

Mr. Khatami has appointed Ali Yunesi, the chief military prosecutor, to replace Mr. Dorri-Najafabadi, reported the Iran Daily.

In his resignation letter to Mr. Khatami, Mr. Dorri-Najafabadi, 54, said he hoped his resignation would bring about a more suitable atmosphere at the ministry and would not be a pretext for "vindictive enemies and uninformed friends" to harm the ministry.

"The hard-working employees of the Intelligence Ministry did not and will not approve the recent tragic and unfortunate incidents that would make any honorable human being unhappy. I, too, was and am strongly against them and have been saddened by them," Mr. Dorri-Najafabadi said in the letter. The text was broadcast on Tehran radio.

There have been continuing calls for Mr. Dorri-Najafabadi's resignation since his ministry said Jan. 5 that some of its agents had been arrested in connection with a spate of killings of writers and dissidents that began in November. The murders were followed by "cruel and hostile attacks" by enemies inside and outside Iran against the "country's great intelligence and security apparatus," wrote Mr. Dorri-Najafabadi.

The revelation that staff members at the ministry were behind the killings intensified the rivalry between hard-line and moderate factions in the government.

Both sides, locked in a bitter power struggle, have tried to distance themselves from the killings. The agents behind the killings are widely believed to be supporters of the hard-liners. The Intelligence Ministry is controlled by the hard-line faction.

The government has said that "foreign elements" had masterminded the killings. It denied that senior officials had approved the murders.

The first victims, Dariush Foruhar and his wife, Parvaneh, who belonged to a minor opposition party, were found stabbed to death in their Tehran home on Nov. 22. In the following weeks, the writers Mohammed Jafar Pouyandeh and Mohammed Mokhtari disappeared and their bodies were found dumped on the outskirts of Tehran. A third writer, Majid Sharif, was found dead after disappearing from his home.



Prince Ali, left, and Crown Prince Hamzah, sons of King Hussein, at the Jordanian leader's funeral at Raghadan palace in Amman. At left, a man wiping his eyes after paying his respects to the king's sons.

Jordanians Solemn at Grave Site and Ponder Future

By Douglas Jehl
New York Times Service

AMMAN, Jordan — Thousands of Jordanians from desert camps, urban shacks and sleek, modern villas, made their way to the royal palace on Tuesday to offer sympathy to King Abdullah II and prayers for his late father.

Queen Noor, the widow of King Hussein, and other female members of the royal family prayed separately at the king's grave.

A day after a remarkable state funeral, the pagans on Tuesday were suffused with a personal touch that reflected, in its own way, the emotional bond that since Jordan's creation in 1923 has helped to hold the land together as a kingdom.

"We believe Abdullah will be fine," said Sheikh Samir Aroum, 57, who waited with others from throughout Jordan to meet with the new 37-year-old king in the throne chamber of Raghadan Palace. "This cub is from the lion king."

The events of the day were rooted in tradition — tribal shows of fealty to a monarch, along with calculated modern tributes to a court that, in one way or another, remains Jordan's dominant force.

But they also clearly reflected new grief, as well as a hope that a new generation of kingship might bring fresh attention to problems at home. "The late king, God protect him, was loved by the world," said Khalid Magaib, 28, who was in the crowd. "We know that Abdullah will be loved as well, especially if these hard times can be made lighter."

For most Jordanians, the most immediate concern is unemployment, which economists say has soared to a rate far higher than the official figures of 15 percent.

Most salaries have also remained stagnant, even as inflation has cut deeply into paychecks of government workers. A sense of pride still echoed in the

words of many Jordanians, from cabinet ministers to Bedouin tribesmen. They took satisfaction not only in the numbers of the statesmen who traveled to the occasion prompted a warm gesture from Syria, a neighbor generally regarded more often as threat than friend.

Not only did President Hafez Assad make a surprise trip to Jordan for the funeral but he was also the first in line to pay tribute to King Abdullah, who was just 8 years old when Mr. Assad took power in a military coup.

Syria and Jordan have been at odds, off and on, even before the new monarch was born.

In 1958, at a time of anti-Western turmoil in the Middle East, Syrian military jets tried to force from the skies an aircraft carrying King Hussein to Europe.

In 1970, Syria ordered troops into Jordan as King Hussein's forces sent Palestinian guerrillas in flight, but it did not intervene.

In 1980, Syria massed its forces along the Jordanian border again, accusing Jordan of supporting a campaign of violence by the Muslim Brotherhood.

And since 1994, when Jordan signed a peace treaty with Israel, relations have been all but frozen by Syria, which has not yet made its peace with the Jewish state and has objected vehemently to the accords signed by other Arabs.

Mr. Assad had not visited Jordan since 1994, and he last met with King Hussein in 1996. But at the state funeral, after passing through the receiving line, he was among those who spoke at length with the new king in the plush gold couches of a royal salon.

From Damascus, Syrian officials have also sent conciliatory gestures, expressing hope that the change of leadership might mark the beginning of a new chapter in the often-strained relationship between the two countries.

On Saturday, as King Hussein lay dying, the Syrian foreign minister,

Farouk Shara, sent an important signal, saying in a lecture in the Syrian capital that the government no longer intended to make much of an issue of the Israel-Jordan peace pact.

Syria remains opposed to the accord, Mr. Shara said, but does not want to see Israeli-Jordanian ties supersede those between Jordan and fellow Arabs.

The Syrian overtures may reflect a softening of the fury felt by Damascus toward the Israeli-Jordanian peace accord.

But more likely, diplomats said Tuesday, it reflects a yet-unsubstantiated hope that a younger, more malleable

new Jordanian ruler might prove less bold than King Hussein, and more inclined to toe a pan-Arab line.

Iraq, which to Jordan is another powerful, sometimes worrying neighbor, has also expressed hope for a change in tone.

The two countries have been bitterly at odds in recent years, since Jordan, having tilted toward Iraq during the Gulf war of 1991, reversed course in 1995.

At that time, the Jordanian government provided asylum to two powerful Baghdad defectors and called for the first time for a change in the Iraqi leadership.

CLINTON: Impeachment Trial Enters Final Stage in Senate

Continued from Page 1

Illinois, the new majority leader, said he hoped to open a new chapter in Republican "often-strained relations with the president."

Asked in a CNN interview whether he was ready to work with Mr. Clinton once the trial is over, Mr. Hastert said: "Absolutely. He's the president of the United States, and the Congress, if we're going to get anything done, has to work with the president."

Senators continued struggling Tuesday over the language of a censure resolution aimed at condemning Mr. Clinton's efforts to conceal his intimate relationship with Monica Lewinsky, the former White House volunteer.

A small group of conservative Republicans have declared censure unconstitutional and threatened parliamentary maneuvers to block it. A few liberal Democrats also oppose censure, deeming it unnecessary.

One conservative Republican, Senator Mitch McConnell of Kentucky, put the chances of a vote this week on censure at no better than "50-50."

Another Republican, Senator Larry

Craig of Idaho, referred to censure as "a rose that is beginning to wilt." He said chances were small that senators would consider it before their weeklong recess.

Failure to pass a censure motion this week might doom it, some proponents say. The minority leader, Senator Tom Daschle of South Dakota, insisted that Democrats would return to the issue later if necessary, but some senators said interest will fade quickly once the trial is over. The White House has supported censure as an alternative to impeachment and conviction, but likely would drop that support following an acquittal.

The final arguments Monday appeared aimed more at historians than the 100 senators, who had heard the arguments and seem to have made up their minds.

The House prosecutors, all Republicans, sought to justify their work, which has been unpopular with most Americans, according to opinion polls.

The prosecution team allowed all 13 of its members a chance to speak. The lead prosecutor, Representative Henry Hyde, closed with eloquent, if sometimes scathing remarks.

Taleban Won't Tell Bin Laden to Leave

ISLAMABAD — The ruling Taleban said Tuesday that the Saudi dissident Osama bin Laden was free to leave Afghanistan but that he would not be forced out, the Afghan Islamic Press reported.

The decision by the leadership of the Taleban, the Islamic group that controls most of Afghanistan, followed the latest U.S. request for Mr. bin Laden to be expelled, a Taleban spokesman said. The spokesman said the Taleban was still waiting for evidence to support allegations that Mr. bin Laden was a terrorist mastermind.

Mr. bin Laden has been accused by the United States of masterminding the bombings of two U.S. embassies in East Africa last year that killed more than 200 people. (AFP)

Commons Assails Arms Scandal

LONDON — The House of Commons delivered a scathing attack on Britain's Foreign Office on Tuesday for allowing British mercenaries to supply arms to Sierra Leone in breach of a UN embargo. Officials were singled out for their failure to properly brief government ministers on what became known as the "arms-to-Africa" scandal.

Foreign Office mandarins were also said to have selectively interpreted the UN embargo, applying it solely to rebel insurgents and not to the ousted democratically elected government of President Ahmad Tejan Kabbah. This prompted suspicions that ministers covertly condoned the illegal arms sales and supported a counter-coup to restore the exiled government. (AFP)

Settlers Occupy Golan Heights Site

JERUSALEM — Settlers have moved into an abandoned Israeli Army post on the Golan Heights and plan to establish a new settlement there, a settler leader said Tuesday.

A former Defense Ministry official confirmed that the military site was turned over to civilian use but said no approval had yet been given for the creation of a new settlement.

A new Israeli settlement would very likely provoke Syria and make it more difficult to restart peace talks, suspended for the past three years. As a condition for a peace treaty, Syria wants Israel to return the strategic heights it captured in the 1967 Mideast war. (AP)

Mexico Center-Left Makes Gains 2 State Elections Show Growing Popularity for Opposition

By Julia Preston
New York Times Service

MEXICO CITY — Elections for governor in two states over the weekend, the nation's first major voting this year, demonstrate the continuing growth of a left-of-center party that has capitalized on disaffection in the governing party.

The challenger, the Party of the Democratic Revolution, won the top post in Baja California Sur, which includes Los Cabos and other beach resorts. Its candidate, Leonel Cota Montano, trounced his opponent from the governing Institutional Revolutionary Party, 55 percent to 36 percent.

Mr. Cota built his coalition with the help of disgruntled members of the governing party who had hoped to be the party's candidate or to help choose the candidate. They bolted to the Party of the Democratic Revolution when their views were disregarded.

The voting on Sunday was uneventful, with few irregularities reported. The PRI did not challenge Mr. Cota's victory.

Since July 1997, the Party of the Democratic Revolution has won three gubernatorial posts. In Zacatecas and Tlaxcala last year, the party also achieved statewide victories by winning disaffected leaders from the governing party.

In addition, the political leader of the party, Cuauhtemoc Cardenas, won the powerful office of mayor of Mexico City, with official stature equal to a governor.

A few years ago the party, which criticizes market-oriented policies and favors a strong role for the state in the economy and politics, labored under the image of a scrappy opposition that was good at organizing street protests but not at governing.

In the election on Sunday in the southwestern state of Guerrero, the two parties battled to a photo finish. According to official results, with 98 percent of the vote counted at midday Monday, the PRI candidate, Rene Juarez Cisneros, was leading, with 48 percent of the vote, ahead of Felix Salgado Macedonio of the Party of the Democratic Revolution, who had 46.

Although the governing party celebrated, the president of the Party of the Democratic Revolution, Andres Manuel Lopez Obrador, rejected the results as a "government-engineered fraud." He announced that his party would seek to overturn the results and seek a recount.

Mr. Lopez Obrador accused Interior Minister Francisco Labastida Ochoa, a member of the governing party, of rigging the election. Opposition poll watchers in many precincts contended that stalwarts from the governing party had handed out food and bags of cement in exchange for votes. "The PRI once again trafficked on the poverty of the voters by distributing presents in return for their votes," Mr. Lopez Obrador said.

Officials of the Party of the Democratic Revolution said 17,000 votes had been annulled statewide because of alleged irregularities, enough to tip the count away from their party.

U.S. Rebuts Claim By Iraq Its Troops Downed Patrol Jet

Reuters

WASHINGTON — The United States denied on Tuesday a report from Iraq that its forces had shot down a U.S. military plane.

"I have every evidence that that absolutely did not occur," said a Pentagon spokesman, Captain Mike Donahedy, when asked whether a U.S. patrol jet had been shot down in one of the Western-enforced no-flight zones.

Captain Donahedy told a news briefing there had been a report of anti-aircraft fire in the northern no-flight zone. "There have been no strikes taken by U.S. aircraft in the north or the south in the past four or five days," he said at a news briefing.

An Iraqi military statement said Western planes carried out 21 sorties inside Iraqi airspace in the north of the country. Primary data indicated that one of the "hostile planes" was shot down, the Iraqi statement said.

A U.S. military official in Turkey said there had been no incident in the northern zone on Tuesday. All the planes returned safely to the Incirlik Air Base in southern Turkey, the official said.

GERMANY: Jobless Data Add to Schroeder Woes

Continued from Page 1

January's figures are also 368,000 fewer than in January last year, when German unemployment hit a post World War II record of 12.8 percent.

Reflecting the mounting pressure on the government, Mr. Schroeder's party Tuesday decided to rush its most urgent and controversial economic legislation through the Bundestag in March before the new Hesse government takes office in April and creates a blocking majority for the opposition.

The Hesse election threw the Social Democrats into turmoil over its tax reforms plans. But the party now hopes to avoid a blockade by rail-roading the tax plan through Parliament. The opposition wants to torpedo Mr. Schroeder's tax reform plan, which imposes heavy burdens on industry and offers relatively meager tax reductions.

The militant IG Metall union continued a wave of warning strikes across Germany to keep pressure on a critical round of contract bargaining talks.

Germany's largest union, which sets wages for 3.4 million industry- and autoworkers, is demanding a 6.5 percent wage increase and has rejected an offer from employers for a raise between 2.3 and 2.8 percent.

Labor tensions are putting strains on another cornerstone of Mr. Schroeder's economic policy. Industry argues that the unions could torpedo Mr. Schroeder's "Alliance for Jobs" program, which was conceived as a roundtable of labor, big business and government to fight unemployment.

Unemployment could rise with a generous raise, critics charge. Hans-Olaf Henkel, president of the German Industry Federation, accused IG

Metall of breaching the spirit of the roundtable talks. If IG Metall, which said it would not settle below 4 percent, wins an aggressive wage increase over 3 percent, that will cause another increase in unemployment this year, Mr. Henkel said.

Unions remain adamant. Ursula Engelen-Kerfer, deputy chief of the German Federation of Labor, said it was time for a generation pay increase after years of modest union gains. "We have some catching up to do," Ms. Engelen-Kerfer said.

The European Central Bank also signaled its concerns over the German unemployment rate. Speaking in Stuttgart only a few kilometers from where IG Metall held its talks, the ECB president, Wim Duisenberg, called on unions to accept "moderate" wage increases, saying hefty hikes could hurt the economy, already weighed down by the global economic slowdown.

Mr. Duisenberg reiterated the bank's concern over Europe's high joblessness, but he rebuffed pressure on the bank to cut interest rates to counter joblessness. (Page 13.)

Euro-area interest rates are currently comparable with promoting economic growth and lower rates could endanger price stability and the bank's inflation-fighting reputation, the central banker said, Bloomberg reported.

"Monetary policy can do nothing more," he said. It remains up to governments to take the lead in breaking up rigidities in labor markets, the central banker said. "The appropriate answer to this is structural reform of the economy, aimed at breaking down inflexibilities," he said.

Mr. Schroeder is certain to confront tensions within his own coalition over taxes and other issues.

07/10/1999

BRIEFLY

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Final Stage in Senate

"Do you really believe the office provided in the Constitution?" he asked. "Or do you use an Act of Congress?"

The Clinton loyal team tried to bluff to close its case. In grave and biting tones, he insisted, as the White House has for months, that the act of impeachment was final on criminal evidence and a political decision by Mr. Clinton's political enemies.

There were these other developments. A Republican senator said he would pass to Mr. Clinton a bill of information suggesting that the White House had a tape recording conversation between Mr. Clinton and Monica Lewinsky. The White House has denied existence of such a system, and Democrats said they suspected that parts of its existence were intended to influence the final impeachment vote.

A Senate Republican sought unsuccessfully to subpoena a British nurse and two others who have filed affidavits suggesting that Sidney Blumenthal, White House aide, had sexual relations with the president's daughter during the Senate trial. Democrats blocked the motion.

Add to Schroeder Woes

Metall of breaching the spirit of the coalition. If K. Metall, which said it would not allow a 1 percent wage increase, would not accept a 1 percent wage increase, the company would have to shut down this year, Mr. Metall said.

Unions remain adamant. The German Federation of Labor said it was just for a continuation of the increase after years of modest wage gains. It has some striking up ahead, Mr. Metall said.

The European Central Bank also remains concerned over the German monetary situation. Speaking in Stuttgart on Tuesday, the ECB president, Wim Duisenberg, said the bank was not in a position to provide a forecast for the euro area's inflation rate.

Two area interest rates are currently close to zero, with the ECB's policy rate at 4.75 percent. The bank's policy rate is 4.75 percent, but the ECB's policy rate is 4.75 percent.

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EDITORIALS/OPINION

Herald Tribune

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Jordan After Hussein

Openings Needed

The array of world figures who flew into Jordan for King Hussein's funeral attested to the personal esteem in which he was held and to the aspiration for peace that he came to represent. But all this grew out of his readiness to learn from experience. About what mattered most to him, the Hashemite dynasty and the integrity of Jordan, he learned a great deal as he went along.

In his exposure to Middle East history in the Arab-Israeli war of 1967, Hussein rejected the free pass he was offered by Israel and went to war. But in losing the West Bank and Arah Jerusalem, he drew the right conclusion — that there was no alternative to peace with Israel. By 1970 he was permitting Israeli warplanes to repel Syrian tanks that had penetrated Jordan to reinforce a regime-threatening Palestinian uprising. Wisely, he sat out the 1973 war. Throughout this period he engaged in the all but hidden diplomacy that went nowhere but still earned him his immensely useful image as a lonely and brave peace-seeker.

He became, outside the region, everyone's favorite Arab moderate.

Egypt and subsequently the PLO beat him to the peace table with Israel. He got there himself in 1994. The resulting treaty did not produce the much touted peace dividend. For one reason, international sanctions against Saddam Hussein's Iraq denied Jordan its major economic partner to its east. Then the Yitzhak Rabin's assassination and Benjamin Netanyahu's ascension undercut ool linkages to its west. This is how, at his death, Jordan remained a scantily developed, resource-poor country in retreat from its own tentative structural and democratic reforms.

An opening to Iraq awaits larger developments. With luck, opening to Israel and a new Palestine could be just one Israeli election away. With more luck, the new king might undertake to turn his father's monarchy — which was absolutist, although by Arab standards usually moderately run — into a more authentically constitutional and irreversibly democratic state.

—THE WASHINGTON POST.

The Power of Peace

In death, King Hussein was able to do once more what he often did while living — draw together divided men. On Monday in Amman, men whom the most pressing diplomacy could scarcely have passed one after another before the king's coffin, acknowledging, even in their differences, the power of the peacemaking man. The Syrian president, Hafez Assad, paused at the coffin, as did the Israeli prime minister, Benjamin Netanyahu, the president of Egypt, Hosni Mubarak, and Bill Clinton and three former American presidents, Boris Yeltsin, weakened by illness, paid a brief visit. Behind a military band and an honor guard, that extraordinary group walked together through the cold, bleached light of Amman. They did not succeed in giving the funeral pomp. They were captured instead by its silent, eloquent modesty, more powerful in its way than pomp could ever be.

What mattered in Amman was the keen emotion of the moment, and no

less, the spectacle of seeing such an unrivaled array of powerful faces. It was instructive, too, to watch those men in the receiving line where King Abdullah accepted their condolences. Some approached with a deep courtesy that was nonetheless informal, kissing King Abdullah on both cheeks, grasping his forearm or his shoulder while they shook hands and talked. Others seemed to equate the ceremony of death with an almost bankers' sense of formality.

None of this, perhaps, was done in quite the way the women would have done it, who were required by Islamic law to mourn in private. The custom that the men enforced is an ancient one. But as the procession moved through Amman, it was impossible not to think of Queen Noor, standing silently as the body of her husband was borne away. Archaic as the separation of the sexes in mourning seems to Westerners, it also captured the pure arabism of death. Someone had been left behind, and for a moment we witnessed her acknowledgment of that fact.

—THE NEW YORK TIMES.

Who Is a German?

The government that replaced the long-running Helmut Kohl regime in Germany got off to a shaky start, but one bright spot was its new policy on citizenship. Unfortunately, that policy has got the new governing coalition into trouble. The conservative opposition, campaigning largely against a proposal to ease citizenship laws, won an upset victory in a state election on Sunday that deprives the governing coalition of its majority in the federal upper house. That could compromise Chancellor Gerhard Schröder's ability to get anything done on citizenship, as on other issues.

Germany's dilemma is familiar to every relatively prosperous nation within reach of a less prosperous one — which means, in practice, every prosperous nation. Workers in poor countries will go to great lengths to reach jobs in wealthy ones, whether from Mexico to the United States, China to Japan or Mozambique to South Africa. There tends to be considerable ambivalence in the wealthier nations — a willingness to take advantage of low-cost labor, a concern about diluting national identity.

But Germany also presents a special case. During its postwar economic boom, it admitted hundreds of thousands of Turkish workers. But, with a view of German-ness based on blood rather than residency, it denied citi-

zenship to these permanent residents and even to their children and grandchildren. The unworkable result is typified by the recent case of a 14-year-old boy deported to Turkey although he had been born and raised in Germany. Mr. Schröder rightly promised to offer citizenship to such children.

Christian Democrats in Hesse ran hard against this idea, raising the specter of swelling numbers of Turks joining their newly enfranchised relatives. Some in Mr. Schröder's party have lashed out angrily at this campaign, suggesting that it was not a legitimate issue. That misses the point. Every country has a right to debate immigration and the questions of what constitutes belonging, loyalty and citizenship. It may be better to have the mainstream conservative opposition raising the issue than to leave it to an extremist fringe. This is so even though racism forms an undeniable current in the stream of opposition; dual citizenship for Muslim, darker-skinned Turks raises far more anxiety than, say, for Austrians.

The real point, though, is that the Christian Democrats are wrong. Setting limits on immigration is one thing; allowing foreigners to move to your country and then keeping them as second-class citizens is another. That is unjust and in the long run untenable.

—THE WASHINGTON POST.

Other Comment

Just Say 'No' to Moscow

Unless Russia gets a radically new economic regime, any further Western money is likely to be squandered — at best used to prop up a system that does not work, at worst to find its way into the pockets of corrupt politicians, officials and businessmen.

The West can continue to offer money to help decommission nuclear weapons and clean up the environmental mess. It can provide humanitarian aid, including cash for food and medicine, and give support to

groups struggling to strengthen the press, the protection of human rights and other aspects of the building of democracy. It should pay for cohorts of young Russians to come to Western countries to learn about decency in business. All of this would be evidence that the West was still ready to support the things it believes in.

But a profligate dependency, with no end to reform, is not one of them. In the end, only Russians can make their country work. They may as well realize this sooner rather than later.

—The Economist (London).

Unchanged Security Policy in a Changing World

By Stephen S. Rosenfeld

WASHINGTON — The striking thing about President Bill Clinton's new budget is how bold and innovative it is on the domestic side and how conventional and safe it is on the side of defense, national security and diplomacy.

In domestic policy, the administration addresses major questions of governance: the best uses of projected budget surpluses, the focus on bolstering vital social programs (Social Security, Medicare) decades into the future, the start of an assault on a national debt once thought impregnable, and the maintenance of the economic momentum that has enabled these daunting policy challenges to come to the fore.

These are big-chip items and, regardless of the impeachment overhang, they promise at the least a zealous political combat over issues undeniably worth being fought over in a democratic welfare state.

On the international side, by contrast, the budget speaks in familiar and repetitive tones about things as they are. Some budget increases of useful but modest dimensions are in the works for the Defense and State departments. Far from these increases being vehicles for major policy review or change, however, they are the way it ought to work, they are in the service of the military, political and international circumstances of the day.

New money is being put into programs such as missile defense and embassy security. Still, these are matters that already have consensus support and scant air of political risk to them — quite the contrary.

In defense, there is always a place for continuity and incrementalism, which are up-market names for a policy otherwise more bound by the grip of the past than by a summons to change.

Prisoner of old thinking and a legislated requirement for parity with an immobile Russia, the Pentagon maintains a vastly exaggerated level of strategic nuclear threat.

Out of anxieties not closely examined in years, it continues to plan for

two large Desert Storm-type wars that the United States would expect to fight this time without allies.

Last October the Defense Science Board, a federal advisory committee that provides independent advice to the secretary of defense, imagined what "security environments" might look like 10 years down the road. It warned of prospective "asymmetries," or advantages, permitting hostile parties to penetrate communications networks, to acquire mass-casualty weapons, to shield key assets among oncomatants or at cultural shrines, and to create links to transnational groups and criminal organizations.

The report also listed advantages already enjoyed by U.S. military forces: quality people of unmatched training; a force with global knowledge, presence

and reach; world-beating information systems, and "an unparalleled ability to apply joint force worldwide with precision fires, operational stealth and dynamic maneuver."

This is not to argue that America should go into a Buck Rogers mode against the world's bad guys forthwith. I am just trying to convey a sense of the contingencies that have yet to be fully stitched into planning and policy but that start coming into view when you lift your sights a few inches over the near horizon depicted in the budget.

Nor does the new Clinton budget illuminate the strategic choices that would have to be made if the United States were seriously considering major foreign policy departures. Like a decision to bail out Russia to save it for democracy, or to leave a restored and rich Europe to its own defense resources, or to contain a menacing China, or to shift defense billions from

and development, or to adopt Latin America as an American project.

Again, I am not embracing these initiatives but trying to indicate what a foreign agenda as ambitious as Mr. Clinton's domestic agenda might include.

We know how this gap developed. On the domestic side, good fortune and good policy created a dream gift of surpluses that allowed a willing and ready President Clinton to refurbish his presidential prospects at a moment when, because of his impeachment, he could not have needed it more.

On the national security side, Mr. Clinton, starting at a personal disadvantage, shrewdly chose to preempt and propitiate the military and, much of the time, the political right, with the result that bipartisanship is working now about as well as it can. But is the policy keeping up with the world?

The Washington Post

It's High Time for a Lively American Debate About Military Spending

By Geneva Overholser

WASHINGTON — It is far past time for Americans to have a lively debate about defense spending.

Almost a decade after the Cold War ended, the country has not answered fundamental questions about what the threats are to its national interests around the world and how the military should be structured to respond.

The same old thing doesn't fit today's problems. Military threats to U.S. interests are declining while other challenges — economic instability, the dislocations caused by collapsing government structures — are on the upswing.

Costly weapons systems generate their own futures. Members of Congress in whose districts they are built see to it that they, and the jobs they produce, continue.

The United States spends about \$270 billion a year on defense. Now Bill Clinton, with all the excess of a president uncertain of his military credentials, proposes an additional \$110 billion over the next six years.

This act shows a complete lack of discipline. Rectifying the current shortfall in basic maintenance and personnel resources, both badly needed, requires much less. According to the Brookings military specialist Michael O'Hanlon, assuming savings that ought to be taking place, the government could hold the line at \$270 billion and still address readiness needs.

Mr. Clinton's lavishness instead guarantees the continued avoidance of tough choices — and the continued purchase of \$2 billion bombers, \$3 billion submarines and \$5 billion aircraft carriers as if the United States were still in an arms race with the Soviet Union.

A president desperate to please the military, a pork-barrel-loving Congress, a military driven by both real needs and a natural hankering for more — add to all this an expanding economy, and the sky is the limit.

In any other sector of government, someone would bring some scrutiny to bear. But even those who habitually decry throwing money at things go mute when the "things" are military.

This is dangerous. Being given ample resources to keep everything going as is tempers the military's incentive for self-examination. There is less need for re-direction of resources, no pressure to innovate to meet new challenges.

In his new book "Fortress America: The American Military and the Consequences of Peace," William Greider concludes: "I think the American people are ready to hear something different. They are more open to dramatic changes in national defense than status-quo Washington imagines. They await a real debate."

There are always troubles in the world, but the nature of those troubles is changing rapidly, while the direction of the U.S. military is not. This president has ducked the challenge.

Washington Post Writers Group.

Hussein the Nation-Builder Leaves an Unfinished Task

By Thomas L. Friedman

WASHINGTON — The late King Hussein is being eulogized around the world for his role as a peacemaker and international statesman. But his real legacy, and what explains the outpouring of grief by his people, is the admirable way he ran his own backyard. The way he played the roles of governor, mayor and even local Bedouin chief is what really set him apart as an Arab leader.

Indeed, as a geopoliticalist, he had his shortcomings. While he was always nimble enough to keep his country from being devoured, he suffered mightily from the game of natios.

He let Nasser and the nationalist euphoria of the Arab street bamboozle him into the 1967 war. He talked himself out of the 1973 war, when he might have actually recaptured part of his lost kingdom from Israel.

Then he lost over the waterfalls in a rowboat with Saddam Hussein, as the Jordanian street, particularly the Palestinians, pushed him toward an alliance with Iraq in reaction to Israel's crushing of the Palestinian intifada in the West Bank.

When the king finally surfaced from the Iraq fiasco, he swam over to Israel's shores in the late 1990s.

In fairness, his geopolitical do-si-do was partly in the nature of things. His tiny country, sitting at the crossroads of caravan routes and at the hinge of big-power rivalries, was always going to be the plaything of larger forces.

But when it came to the game of nation-building, Hussein deserves to be remembered as an Arab superpower.

Jordanians do not care two cents about the peace that Hussein made with the Jews on the western side of the Jordan. What they revere him for is the peace he maintained for Jordanians on the eastern side of that river. It may seem like an unfairly simple epitaph for such a historic figure, but for my money Hussein's gravestone should read: "He kept Jordan a nice place to live in a bad neighborhood."

After stomping out a Palestinian guerrilla attempt to take over Jordan in 1970, he

established a stable, almost calm equilibrium at home by using his own natural resources with his people. He bought stability with tolerance and integrity, when dinars and dollars just were not available.

Hussein was a bit like a single mother in the slums of Hell's Kitchen who worked two jobs but nevertheless raised all eight of her kids to finish school and stay out of jail.

In a neighborhood of brutal thugs, he operated with a basic decency. In a neighborhood of teeming, unplanned cities, he maintained clean streets, with stoplights that worked, buses that ran and gardens that grew green. In a neighborhood of overlapping intelligence services and censored newspapers, he let his people breathe. In a neighborhood of anti-democratic regimes, he experimented with real parliamentary politics.

Sure, Jordan is still poor and underdeveloped in many ways. But if you have flown into Jordan from Syria, from Iraq or from Algeria, then you have

experienced that sense of exhaling, that feeling of tension flushing out of your body as you drove from the airport into the relaxed capital of Amman.

Jordan wasn't Switzerland, but compared with many of its neighbors it was an oasis of stability, with deep wells of restraint, in a desert of nastiness.

Yes, other Arab countries around Jordan are stable, too, but their stability was bought wholesale, not retail. In places such as Syria or Iraq, stability was bought by taking away people's freedoms, by taking away their free speech, by taking away their right to vote, by taking away political pluralism or opposition parties.

Hussein did it the other way. And that is why his people have been crying real tears.

The same with people outside the Mideast. It is odd to think how popular Hussein had become in his later years. After all, his past was not uncheckered.

I believe it is because he ignited the same feeling in us that the late Prime Minister Yitzhak Rabin touched. It is the

hope that is kindled when we see old men changing. There is something about watching these graybeards stand up, break with the past, offer a handshake to a lifelong foe and say: "Enough. I was wrong. This war is stupid." It keeps alive the idea that anything is possible in politics, even in Middle East politics.

Hussein's tenure also reminds us of a fundamental rule of international relations: The less oil a country has, the more likely that its leader will try to survive not by crushing his people with a massive state bureaucracy and army but by accommodating them. The king had too little oil and too many Palestinians (some 70 percent of his population) to rule with anything like an iron fist.

But the less oil you have, and the more you have to rely on building a real bond with your people, the more vulnerable you are to the shifting moods of the street. That is why until his last day Hussein alternated between maintaining his legitimacy by sweeping the streets and maintaining his legitimacy by, occasionally, being swept up by them.

His decision to sack his brother, Crown Prince Hassan, and replace him with his son Abdullah as heir was driven in part by a sense that Prince Abdullah, with his Palestinian wife and his own roots in the Bedouin-dominated army, would be much more popular on the street, and much more capable of holding the Jordanian consensus than the more experienced, but elitist, Prince Hassan.

Prince Abdullah's appointment was Hussein's last bet that the best way to preserve a dynasty is by relying on legitimacy, not fear. If the new king can manage to sweep the streets half as well as his father, and not be swept up by them quite so often, he might just make his father's bet a good one.

The New York Times.

Back to the Mideast Future in the Oil Game

By David Ignatius

WASHINGTON — In the Middle East, this is one of those moments when you can see the tectonic plates of politics and economics shifting at the same time, bringing new opportunities and instabilities to what is still the world's most volatile region.

One symbol of change is the passing of Jordan's King Hussein. A king who addressed even the rattiest visiting journalist as "Sir," he embodied the region's essential political skill — survival through careful balancing of interests.

Behind Hussein's often infuriating balancing act lay the great struggles of all time, the Saudi royal family and their fabulous oil wealth. The Saudis inaugurated the modern era in the Middle East in the early 1970s when they joined Iraq, Libya and the other oil states in moving to nationalize their oil resources and jack up prices.

That era of nationalized oil power is now over. The Saudis, with little fanfare, signaled its end a few months ago when Crown Prince Abdullah ibn Abdulaziz invited seven American oil companies to make proposals for investing in new oil and gas projects in the kingdom.

The Saudis thus joined the other firebrands of the old OPEC, Iraq, Libya and Iran, in dangling before U.S. oil companies the possibility of buying what amount to equity stakes in oil and gas fields.

Deals like this have not been around since the 1970s, and they have the oil industry excited, even in this period of low oil prices. That is because most of the Arab oil is cheap and easy to produce, especially compared with high-cost, high-risk oil from the Caspian Sea.

What prompted the Saudis to

consider this U-turn was their worry, which has grown steadily through the years of the Clinton administration, that their relationship with the United States was fraying. They decided last summer to try to stich it back together with the same thread that had bound the two countries in the first place, namely, collaboration on oil projects.

Prince Bandar ibn Sultan, the Saudi ambassador, invited the oil CEOs to his home overlooking the Potomac on Sept. 26. The letter of invitation promised that Prince Abdullah would "share his thoughts and observations concerning future developments in the Saudi oil industry," according to one man who attended.

The CEOs and the crown prince exchanged ideas, and everyone went away happy. The oil companies are now sending the Saudis detailed proposals for a range of projects including new gas ventures and at least one oil scheme. The Saudi royal family is said to be split internally over how far to go with this opening, but that is in character for the great straddlers.

Vahan Zanyan, president and CEO of The Petroleum Finance Co., an energy consulting firm, thinks that the Saudis may hope to push production up to 10 million barrels a day from the current 8 million over a period of several years, along with an additional 2 million barrels or more of reserve capacity. That strategy could drive oil prices well below \$10 a barrel, which would hurt the Saudis but could ruin their high-cost competitors from the Caspian and elsewhere, Mr. Zanyan says.

Here is an illustration of just

how cheap Saudi oil is to produce. Nathaniel Kern, president of Foreign Reports, an oil consulting firm, notes that the capital cost of producing a daily barrel of heavy Venezuelan crude (an investment that the oil companies were jumping at until recently) is \$28,000. By comparison, an investment of just \$5,000 per barrel a day is needed to produce the most expensive Saudi oil, from the remote Shaybah field, and most Saudi oil is far cheaper.

The Saudis are joining other former oil hawks who moved earlier to invite Western capital. The Iraqis last summer offered 40 "buy-back" projects, with investors promised long-term access to crude. The Kuwaitis have been talking to some big U.S. oil companies about taking over management of the fields near the Iraq border, under "service contracts" that might run 20 years or more.

The biggest remaining prize is Iraq. The Iraqis are sitting on nearly as much oil as the Saudis, and some analysts say that once sanctions are ended and the Iraqi fields are rebuilt, they could produce from 6 to 8 million barrels per day, rivaling the Saudis. It is probably no accident that Iraq's three best friends on the UN Security Council, France, Russia and China, are all looking at very favorable "equity" oil deals.

The good news is that the world is likely to remain awash in cheap oil for many years. The bad news, for crisis watchers, is that the most attractive and profitable oil remains in the turbulent Middle East.

All that talk you were hearing in the past few years about how the Caspian is the new cockpit

of crisis, the new Great Game, well, that was largely hype. The oil game still involves the same old countries. But the political cast of characters is beginning to change.

"Back to the Future" might be a good name for the geopolitical drama to come. Now, as 30 years ago, oil is cheap, the producing countries are politically fragile but eager for Western help, and multinational oil companies salivate at the prospect of juicy deals.

Washington seems to have most of the high cards. But, as we know from experience, there are a lot of jokers in this deck.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Algiers Riot

PARIS — There was a serious riot in Algiers. A great crowd was making its way to the Vélodrome, where a lecture on Algeria was to be given, but the way was stopped by tirailleurs and mounted gendarmes. Then the people learned that the Governor-General had forbidden the lecture. The ringleaders decided that the demonstration should march upon Algiers. Mr. Roche protested against the stopping of the lecture, and proposed to organize a private meeting. Many arrests were made, including a number of women and girls.

The United States in connection with "The Covered Wagon," to broadcast an all-Indian program. Chief-Goes-in-the-Lodge, aged 85, who was one of the warriors in Custer's massacre, will fill the ears of English youth with blood curdling yells.

ROME — Foreign Minister Carlo Sforza said that the interests of three powers — Great Britain, Italy and Ethiopia — are involved in the problem of Eritrea, former Italian African colony. Count Sforza expressed the hope that Eritrea would not be annexed to Ethiopia. "The attempt to reconcile these interests at the expense of Eritrea by territorial partition that recalls the old 'scramble for Africa,'" Count Sforza said. "is repugnant." Count Sforza said Eritrea could achieve independence after a period of trusteeship administration.

LONDON — Juvenile broadcasting fans here are promised a 100 percent American novelty. It is planned by the British Broadcasting Company to have the group of American Indians who came here by permission of

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Absolute Certainty
Leads to Blindness

The Senate Should

LETTER

Letter and Impairment

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Record Nabob Sets the Tempo

Dodging Danger in Music Business

By Mike Zwerin
International Herald Tribune

PARIS — As the co-chief executive and co-chairman of Atlantic Records, Ahmet Ertegun has to bear his share of the blame for the condition of the major labels, which were recently described as being gripped by "hypercaution, creative torpor and industrial paralysis."

He does not agree with any of it. First of all, in all fairness, he also deserves to bear his share of pride in the key role he played in the worthy careers of people from Ornette Coleman to Aretha Franklin (by way of Crosby, Stills and Nash and the Modern Jazz Quartet).

And second, he contradicts the almost universally accented negative. "We have good men running the record business," he said, and proceeded to cite a half-dozen or so.

The way he put it, they were "pretty much all knowledgeable and reasonable men who love music. Listening to his take on the current state of affairs, it would seem that he was describing a totally different industry, or another time, or both. "You can't bat a thousand," he reasoned. "It's a business fraught with danger."

Ertegun, 74, is a veteran record man with an impressive track record and a deep musical culture. Along with that of his late brother and partner Nesuhi, his name could almost be up there as part of the name of the label itself. They are icons.

Lately, he has been promoting "Blues Blues Blues," an album he produced by the Jimmy Rogers All-Stars, featuring Taj Mahal, Jeff Healey, Kim Wilson, Carey Bell, Johnnie Johnson and Lowell Fulson. "This album is chock full of magic moments," he said. "And although everybody says, 'Wow, all those names!' and that's good because it leads people to listen to it, what's really good about the album is not the famous people on it but that they play the blues so well."

If that is true, then the fact that Mick Jagger, Eric Clapton, Jimmy Page, Robert Plant, Keith Richards and Stephen Stills—all impressively deliberately primitive—are also featured on it is not essential information. He hangs out with these people, they are great friends of his.

"These people did not agree to be on the record because they are great friends of mine," Ertegun continued. "They did it because they are all real fine blues people and they loved Jimmy Rogers. We never got a turnaround. Whomever we asked was very happy to play with Jimmy Rogers."

Rogers, who died at 74 before the album was completed last year, was rhythm guitarist with the Muddy Waters Chicago blues band, which changed the sound of the blues when it electrified.

Also a songwriter and a singer, Rogers wrote some of the songs and sings on the album. The Muddy Waters band was a prime influence on the first generation of rock stars who pay homage to him by performing on this tribute.

"When you go to these guys' homes," Ertegun said of the all-stars, "you understand that the old-time blues by these original black players is what they choose to listen to."

We have heard this song before—English guitar heroes huzzing the original black bluesmen (while borrowing their music).

Ertegun, however, is very good at putting everybody's best foot forward; his own as well as the musicians' and the industry's. He admitted that many of the early bluesmen were treated unfairly by the record companies, with their "low royalty rates and creative bookkeeping." But he also outlined how Atlantic redressed the balance by forgiving debt balances and contributing millions to the Rhythm and Blues Foundation.

"Atlantic never did any of that shabby stuff, but I'm the last person from that era left, so I guess I bear the brunt of everybody else's sins."

The "sins" have since multiplied. Universal and PolyGram have just merged into the world's biggest record company.

IT'S A WALL STREET world now," Norman Lebrecht wrote in *The Daily Telegraph* in London. "Some 200 rock bands have been dropped by their labels, and 3,000 staff dismissed. Seagram, the liquor empire, which owns the restructured Universal Music Group, needs to save \$200 million this year to pay for the purchase."

Lebrecht talked about a "trail of bodies" and an "already somber sector plunged into deep gloom."

The merged entity will command 24 percent of world record sales. Many industry people, not to mention musicians, are worried about the "suits," accountants and lawyers, making creative decisions, and about each quarter's profits being the principal measure of success. Atlantic is part of the Time Warner group, which merged some years ago, and also includes such labels as Elektra, East West and Rhino.

"We think we've been successful in maintaining the character of each label



Ahmet Ertegun puts musicians' best foot forward.

with diminishing staff," Ertegun said. "At Atlantic, we're running a very good company. And it gets better every year. We continue to develop new artists. The so-called 'suits' unquote do not tell us to sign up the 'Squirrelheads' over here instead of the 'Jerks' over there. They know we know what we're doing and they rely on us to bring in the profits."

"It's terrible when a lot of people get fired. But you need to see the perspective. Over the years, my partners changed, new people became president and co-chairman and so forth. Everybody new who came in every year or six months or so brought in their own team and signed new acts. Nobody was fired. There's a limit."

"After all the turmoil of our merger," Ertegun went on, "we sat back, looked at what we had, listened to what they did, and we decided to let some 50 to 60 artists go. We just didn't have room to promote all of them correctly. Now we have many fewer artists but we stay with them much longer. And you know, sometimes an artist won't sell very much, but it's still nice to have the prestige of an album that is listed by critics as one of the 10 best of the year."

Whereas other senior executives would be content to settle for either sales or—out too often—prestige alone, he'll go for both.

He guesses that Atlantic's classic John Coltrane record "Giant Steps" has by now sold over a million copies since it was recorded as an LP. And, "oddly enough," the Jimmy Rogers album is turning out to be more than mere prestige. "It has shown strong initial strength," Ertegun said. "We're getting a lot of air play. We're getting solid sales. I think we are going to do very well with it."

A Perplexing 'Macbeth'

By David Stevens
International Herald Tribune

PARIS — "Macbeth" was Verdi's first creative encounter with Shakespeare and his response to the challenge resulted in his great leap forward as a musical dramatist, equal to the poet's psychological probing of the murderous royal couple.

It was Paris, 18 years after the Florence premiere, that asked for music for a ballet—then obligatory in French opera—for an 1865 production at the Theatre Lyrique. Verdi supplied that but also seized the chance to make revisions, giving Lady Macbeth a new Act 2 aria ("La luce langue") and rewriting much of the final act in the light of his greater experience.

It is this version (but without the ballet) that is most familiar on the world's stages, and it is the version used in the new production—musically impressive but with a quirky staging—just mounted at the Opera Bastille.

The French baritone Jean-Philippe Lafont, in potent vocal form, portrayed a formidable Macbeth, a bluff warrior derailed by his own ambition and his inability to cope with his fiendish spouse, but in the end resolute in facing the disastrous consequences of his brutal climb to power.

As Lady Macbeth, Maria Guleghina—the Kirov soprano whose international career began taking off several years ago—cut a figure of demonic intensity. Her vocalism was uneven but powerfully delivered, and the sleepwalking scene, although fussy in action, was vocally impressive, with its pianissimo ending rising to the famously eerie high D-flat.

The production, staged by Phyllida Lloyd and with sets and costumes by Anthony Ward, is perplexing. It is long on peripheral anecdote and short on dramatic insight, while offering few clues about historical time or place.

The basic set is an open space with walls that suggest the wood paneling of a corporate boardroom. These walls slide



Maria Guleghina, left, with Jean-Philippe Lafont in the cage-like set.

apart frequently, offering a brightly lit view upstage in which a large gilded cage is the principal element. A number of already announced events are given visual, but hardly necessary, reinforcement—King Duncan snoring in bed, a few minutes later, Duncan's bloody corpse, and still later Lady Macbeth's lifeless body dangling from a gibbet, just in case one did not believe the death notice. Similarly, the offstage slaughter of Macduff's family is hinted eventually.

The richness of some of the costumes suggests some exotic realm overflowing with precious metals rather than a rough 11th-century Scotland, not to mention a pipe with running water, handy for folks with bloody hands to wash.

The witches cut striking figures with their dark robes and red headgear, but they kept making unsolicited appearances in scenes they were not booked for. It hardly seemed necessary for Macbeth to seek them out on the heath when they make house calls.

From the podium, Gary Bertini shaped a solid musical performance, the major secondary roles were handsomely cast with Franco Faria (Macduff), Marco Berti (Malcolm) and Carlo Colombara (Banquo), while the Opera's chorus was in top form in choruses of the witches and the exiles.

This "Macbeth" is a co-production with London's Royal Opera, which was to have done it in 1997 (in 1847 version) as part of its continuing Verdi festival. Production difficulties converted that into a concert performance, giving Paris the first shot at the staging.

A Grand 'Solimano' in Berlin

By George W. Loomis

BERLIN — Composers' anniversaries often are occasions for music you hear every day, just more of it. Not so the operas of Johann Adolf Hasse, one of the most renowned composers of the 18th century whose fame barely cooled as his lifetime. On Sunday the Berlin Staatsoper observed the tricentennial of Hasse's birth in grand fashion by giving his 1753 opera "Solimano," a rare opportunity to experience a work by the composer who cultivated Italian opera seria in its purest form.

The success of "Solimano" proved once again a cardinal rule for operatic revivals: Given the right circumstances, operas that woo acclaim in their day can speak to a modern audience regardless of the critical baggage they have accumulated while lying around unperformed.

Nobody ever regarded Hasse as a less than able composer, but opera seria is always thought to have a modus operandi that is all but hopeless. With its supposedly stilted dramatic content, highly formalized scene structure and relentless alternation between recitative and *da capo* arias, it can seem to pose insurmountable obstacles to any composer seeking to produce genuine drama through music. But we know Handel

surmounted them, and he was not alone.

The libretto by G.A. Migliavacca—a student of Hasse's regular collaborator, the celebrated Pietro Metastasio—deals with Sultan Solimano II of Turkey and his fight against the Persians in a way that looks tangled and contrived on paper. But Georg Quander's sometimes daring yet respectful production revealed its essence as the story of a jealous father, two sons with lovers from enemy territory, and the difficulties created for all by political scheming—tried and true operatic stuff.

Hasse's arias emerged as not just musical pleasures, but also vital studies in character. Intense rhythmic energy conveys Solimano's volatile nature, soothing melodic paths defines his wrongly accused son, Selimo.

Arias also combine to form gripping theatrical sequences, such as that initiated at the end of Act II when Solimano sarcastically gives his consent to Selimo's marriage to the Persian princess Narceca. Or over the end when Solimano's would-be daughters-in-law, believing Selimo murdered, denounce the sultan in blistering, back-to-back arias.

Quander's production began arrestingly, if dubiously, with nude women at the Turkish bath—something hardly consistent with the decorum of opera seria. But it grabbed the audience's interest and so the opera was allowed to proceed on its own terms. It was an intriguing idea to give scenic representation to arias based on similes, as when Narceca compares herself to a helmsman in distress. Herbert Kapplmüller's decor, rich in crimson and beige and splendor in its vistas, captured the luxury and exoticism of the Turkish setting.

Revising an opera like "Solimano" is a futile exercise without stellar singers, and those at the Staatsoper pretty much fit the bill. The mezzo soprano Vivica Genaux was spectacular in the castrato role of Selimo, poised and alluring in her tender arias yet capable of delivering rousings with the precision and luster of a Marilyn Monroe. Ana Camela Stefanescu brought tonal beauty and strong technique to the part of Narceca. Thomas Randle sang surely as Solimano, making the most of his many colorful moments. Francesca Provisioanato and Graciela Oddone were aptly matched as the other pair of lovers, the counter-tenor Robert Crowe sang brightly as the confident Acomate and Christopher Maltman was effective as the villainous Rusteo.

Rene Jacobs led the period instrumentalists of the Concerto Koeln in a performance that revealed the vigor and eloquence of Hasse's music at every turn.

George W. Loomis is a music writer based in Moscow.

BOOKS

CITIZEN NEWHOUSE Portrait of a Media Merchant

By Carol Felsenthal, 512 pages, \$29.95, Seven Stories.

Reviewed by James Bowman

LET'S stipulate that S.I. Newhouse Jr., the 71-year-old billionaire proprietor of the Conde Nast media empire, has his faults—I mean apart from owning *Vogue*, *Vanity Fair*, *Glamour*, *Q*, and a host of other magazines, including, of course, *The New Yorker*. On the showing of Carol Felsenthal—whose previous biographical subjects have included Katharine Graham, Phyllis Schlafly and Alice Roosevelt Longworth—the chief among them is that he is a pretty boring guy.

Newhouse as a young adult, she reports, "showed no particular interest in or aptitude for anything, held no discernible opinions about politics or art or newspapers," and "his conversation was practically nil." Well into middle age he was "a man who seemed more like a boy, burdened with an adolescent's immaturity and insecurity." In his later years, collecting art has "seemed to provide him with the sense of identity and self-worth that so long had eluded him."

Such amateur psychology ought to arouse our suspicions. Likewise, she says that, on taking over Conde Nast, her subject "felt, for the first time in his life, fully engaged in his work, and when he left the office, he also felt for the first time that he was returning to a house that ex-

pressed who he was." How could Felsenthal possibly know all this about his "feelings"?

Again and again her relentlessly patronizing attitude prompts the odd psychoanalytical suggestion about herself. Is it possible, for instance, that this belittling so powerful a tycoon is for her, as for many of those she quotes—an assiduously mined collection of the more-or-less embittered including a former wife, former girlfriends and former employees—a kind of self-affirmation?

At any rate it leads her into a too-uncritical approach to her more critical sources. She slips in, under the guise of denying that there is any proof for them, rumors that Newhouse is homosexual, that his marriage is a "front" and that he bribed the judge who found in his favor in a claim by the Internal Revenue Service against his father's estate.

The whiff of scandal is deliberately left to hang in the air. The book is also rather unbalanced. Most of its first third is devoted to Newhouse's tough-minded father Sam (1895-1979), a Russian immigrant who laid the foundations of the family fortunes by buying up hundreds of small to midsize newspapers and making them pay.

In the final summing up, Newhouse is compared with William Randolph Hearst and Henry Luce and once again found wanting. But not only has Newhouse never claimed to be a Hearst or a Luce, it also is doubtful that such a figure could ever exist in the In-

formation Age. Even Newhouse's fellow tycoon Rupert Murdoch, with whom Felsenthal also unfavorably contrasts him, wields nothing like the influence of an old press baron.

As in the comparison with his father, Newhouse is criticized out for what he is but for what he is not. Such criticism may enable the author and her sources to settle some old scores—or compensate for their own insecurity—but it is not a very enlightening way to write biography.

James Bowman, media critic of the *New Criterion*, wrote this for *The Washington Post*.

BEST SELLERS

The New York Times		Last Week	
Fiction		Nonfiction	
1	SOUTHERN CROSS, by Patricia Cornwell	1	LIFE STRATEGIES, by Philip C. McGraw
2	SEIZE THE NIGHT, by Dean Koontz	2	9 STEPS TO FINANCIAL FREEDOM, by Sue Omer
3	IN DANGER'S PATH, by W.E.B. Griffin	3	SUGAR AUCTIONS, by H. Leighton Steward et al.
4	A MAN IN FULL, by Tom Wolfe	4	ONE DAY MY SOUL JUST OPENED UP, by Isyan Vazquez
5	BILLY STRAIGHT, by Jonathan Kellerman	5	
6	THE CAT WHO SAW STARS, by Lillian Jackson Braun	6	
7	THE POISONWOOD BIBLE, by Barbara Kingsolver	7	
8	HARRY POTTER AND THE SORCERER'S STONE, by J.K. Rowling	8	
9	ANGELS' FLIGHT, by Michael Connelly	9	
10	WHEN THE BLOWS, by Tom Clancy	10	
11	THE SIMPLE TRUTH, by David Baldacci	11	
12	RAINBOW SIX, by Tom Clancy	12	
13	AMSTERDAM, by Ian McEwan	13	
14	MARLBOROUGH, by Brian Koppelman	14	
15	A NIGHT WITHOUT ARMOR, by David Baldacci	15	
Nonfiction		Fiction	
1	THE GREATEST GENERATION, by Tom Brinkley	1	THE GREATEST GENERATION, by Tom Brinkley
2	TUESDAYS WITH MORRIE, by Mitch Albom	2	THE GREATEST GENERATION, by Tom Brinkley
3	BLIND MAN'S BLUFF, by Sherry Stringfield and Christopher Drew	3	THE GREATEST GENERATION, by Tom Brinkley
4	THE CENTURY, by Peter Jacobs and Fred Renshaw	4	THE GREATEST GENERATION, by Tom Brinkley
5	CONVERSATIONS WITH GOD, Book 1, by Neale Donald Walsch	5	THE GREATEST GENERATION, by Tom Brinkley
6	CONVERSATIONS WITH GOD, Book 3, by Neale Donald Walsch	6	THE GREATEST GENERATION, by Tom Brinkley
7	THE PROFESSOR AND THE MADMAN, by Simon Winchester	7	THE GREATEST GENERATION, by Tom Brinkley
8	FOR THE LOVE OF THE GAME, by Michael Jordan	8	THE GREATEST GENERATION, by Tom Brinkley
9	THE ART OF HAPPINESS, by the Dalai Lama and Howard C. Cutler	9	THE GREATEST GENERATION, by Tom Brinkley
10	THE ENDURANCE, by Caroline Alexander	10	THE GREATEST GENERATION, by Tom Brinkley
11	THE DEATH OF OUTRAGE, by William J. Bennett	11	THE GREATEST GENERATION, by Tom Brinkley
12	A WALK IN THE WOODS, by Bill Bryson	12	THE GREATEST GENERATION, by Tom Brinkley
13	THE TEN COMMANDMENTS, by Laura Spigelman and Stewart Vogel	13	THE GREATEST GENERATION, by Tom Brinkley
14	WHY NOT ME?, by Al Franken	14	THE GREATEST GENERATION, by Tom Brinkley
15	ANGELA'S ASHES, by Frank McCourt	15	THE GREATEST GENERATION, by Tom Brinkley

Minimalist View of a Gay Scene

By Sheridan Morley
International Herald Tribune

LONDON — Gay plays in Britain have had a curious history of what could be called an "open closet." Long before the abolition of state censorship in the 1960s, dramas like "The Greco Bay Tree" (1933) and Noel Coward's "Design for Living" the following year had unmistakably homosexual leading characters, while "Tea and Sympathy" played Paris and London in the 1950s, long before venturing to Broadway and then the screen.

Yet we have never had any real equivalent of the polemical writing of a Larry Kramer, or the poetic yearning of a Terrence McNally for a happy homosexual community devoid of AIDS or mainstream prejudice.

Even in Kevin Elyot's "My Night With Reg," arguably the best gay play of the last decade in this country, AIDS is something that happens off-stage between acts.

All of which makes "Certain Young Men," the play that Peter Gill has written and directed for the Almeida, kind of fascinating in its own very chilly and minimalist way. Gill has always specialized in cross-sections of a community, (like his recent "Cardiff East" at the National, a latter-day dramatic version of "Under Milk Wood" with the techniques of drama-documentary replacing the Dylan Thomas poetry), and here again we have an ad hoc grouping of characters all in search of a plot which somehow Gill never quite manages to find.

His eight characters are neatly divided into four couples; all are gay, and all have to some extent destroyed their own happiness by an inability to come to terms with their sexuality. Some are dangerously close to stereotypes: the bookish intellectual falling for a hit of rough, or the late-developing gay still half in love with his former wife. But Gill's message is, when it finally flashes through to us,



Peter Sullivan in "Certain Young Men" at the Almeida.

about as quietly revolutionary as it can get. "Certain Young Men" says that there is no such thing as community, that people who adore Calvin Klein or Judy Garland or Maria Callas might be just that, not necessarily trying to crack a lifestyle code.

Gays, in a crude synopsis of Gill's text, are just like everyone else, except that they happen to be gay. They get together, separate, bicker, reconcile and in the end try to work out whether it is time to move on to other partners.

The problem is that Gill doesn't tell us enough about any of his meo to make us really care what happens to them. We are given brisk background sketches, but these 17 brief duologues began as workshop exercises seven years ago and have over time graduated to full dramatic status.

Whether it might have been better to give them some central connection—the characters all passing some sexually-transmitted disease to each other

—or to bring them all face to face with each other, as at one of those McNally Fur Island beach weekends, we shall never know. Gill goes his own bleak way, mercilessly mocking the eccentricities of gay culture but also tacitly admitting that the alternative in coming out is staying in, and that can't be much fun either.

Gay activists will find nothing to cheer in "Certain Young Men," and its ultimate conclusion is oddly negative—gays should forego victim status and just try to make peace with themselves and a still-hostile outside world of muggers and mockers. Gill comes full circle, back to Coward's philosophy that sex is not necessarily something to shout about, and that sexual politics is a contradiction in terms.

Jeremy Northam leads a strong cast, but if Gill had not been his own director the play could possibly have been more sharply focused in production.

At the New End, Carlo Ardito's "Brief Candle" is trapped somewhere between a play and a recital, and might look a lot better on a charity Sunday night than in a full performance schedule.

It tells the curious story of Marie Bashkirtseff, a singer, painter and diarist who died of tuberculosis at 24 in 1884. Early death proved to be her most brilliant career move, since she then became briefly a patron saint of the new art world and enjoyed vast, albeit short-lived, posthumous fame all over Europe.

Ardito has cobbed together her brief life adequately enough, and Denis Quilley does his usual sterling service as the narrator and as several of the men in Marie's life, for a production directed by his wife, Stella Quilley. Reginald Jessup and Toni Kanal do what they can with the very sketchy supporting characters, and Celia White is a real find, making of the massively tiresome Marie one of those waif-like characters who used to get raped by the aristocracy in the plays of Jean Anouilh.

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WEDNESDAY, FEBRUARY 16, 1999

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Economists Say Singapore May Allow Currency to Weaken

By Michael Richardson
International Herald Tribune

SINGAPORE — Concerned about a darkening trade picture, Singapore may attempt to engineer a weakening of its strong currency to boost the competitiveness of its products overseas and help lift the island nation out of recession, economists say.

The government denies any plans for a depreciation of the Singapore dollar, but an increasing number of analysts here said that a continued recession and declining trade may force officials to act.

"The chosen mechanism may well be to encourage a managed weakening of the Singapore dollar," said Ong Sim Beng, an economist in the Singapore office of J.P. Morgan & Co., the U.S. investment bank. A weak currency lowers export prices and helps fuel overseas sales.

Trade pressures weigh more heavily on Singapore than on many other countries. Its total merchandise trade is 270 percent of its gross domestic product, making Singapore far more heavily dependent on trade to power its economy than any other country in Asia. Its deteriorating trade competitiveness, analysts say, was evident in the 8.5 percent drop in non-oil domestic exports in December and the 7.5 percent slump in total trade for 1998 — the worst annual showing since the 1975 oil crisis.

The government's Trade Development Board projects that Singapore's total trade for 1999 will decline by between 5 percent and 7 percent.

"Increasingly, people are concerned about the loss in competitiveness of the Singapore economy," said Liew Yin Sze, senior economist at JM Sassoon brokerage. He noted that Singapore was

lagging in shipments of electronic components while China, Malaysia, the Philippines and Mexico were all recording gains in this key export sector.

Singapore has made some strides in combating its economic ills. It has improved productivity and cut business costs by 10.5 billion Singapore dollars a year (\$6.22 billion), with the benefits expected to start appearing in 1999.

The Trade Development Board's director of trade policy, Chan Kam Fai, said Singapore's cost-cutting measures would enhance competitiveness, but the extent to which they would translate into higher exports depended on demand.

"It's almost a foregone conclusion that trade will be negative in the first half," he said. "The earliest we think in terms of bottoming out is the second half of the year."

The Singapore dollar has already de-

preciated by about 15 percent against the U.S. dollar since Asia's financial turmoil erupted in mid-1997, but analysts say that a further decline may be necessary to restore the country's trade competitiveness.

"When a small open economy is faced with recession, falling prices and the need for an easy monetary policy to keep the banking system liquid, a weak currency is a logical policy," said Kate O'Donoghue, an economist in the Singapore office of Barclays Capital, a unit of Britain's Barclays Bank PLC. "This is especially true in Singapore, which has low external debt and is a net capital exporter, and where trade is extremely important to the economy."

Barclays is forecasting that the U.S. dollar, currently trading at around 1.6800 Singapore dollars to the U.S. dollar, could rise another 15 percent by

the end of the year to 2.0000 Singapore dollars as the government ratchets down the currency's value.

The Singapore dollar is not pegged to any single currency but to a trade-weighted basket of currencies of its main trading partners, a system designed to minimize imported inflation and safeguard export competitiveness.

With Singapore's inflation rate falling into negative territory in 1998 for the first time in 13 years, analysts said the government's priority is likely to shift to export stimulus.

Singapore is technically in recession after recording two consecutive quarters of negative growth to December. Analysts said that the economy could stay in negative territory this year if East Asia's troubles persist and demand in Singapore's other main export markets, the United States and Europe, also slows.

Currencies' percentage change against the dollar since July 1, 1997.

Japan	+0.28
China	+0.18
Hong Kong	-0.03
Taiwan	-15.50
Australia	-15.95
Singapore	-15.25
New Zealand	-17.00
South Korea	-21.50
Philippines	-22.75
Malaysia	-23.00
Thailand	-23.00

Japan Urges U.S. to Buy Its Bonds

Talk of a Shift in Plan For Sales Sparks a Rally

Compiled by Our Staff From Dispatches

TOKYO — The United States should support the Japanese economy by purchasing government bonds and helping bring down rising interest rates, Japan's chief cabinet secretary, Hiromu Nonaka, said Tuesday.

"Japan bought U.S. Treasuries in the 1980s when the U.S. economy was in a very difficult state," Mr. Nonaka said at a news conference, adding that Japan's Treasury purchases "more or less contributed to the economic recovery" in the United States. Washington thus "should take steps to maintain the balance when our country's financial condition is bad," Mr. Nonaka said.

His comments came after the governor of the Bank of Japan, Masaru Yamai, rejected a proposal by some lawmakers that the central bank buy up part of some pending government bond issues.

Under the budget plan for the next fiscal year, which begins April 1, the government is to issue a record 31.05 trillion yen (\$271.2 billion) of new bonds to finance its spending.

Such massive bond issues have triggered concerns about oversupply and helped push the yield on the benchmark 10-year bond to 2.44 percent last week, its highest level since June 1997.

On Tuesday, however, the market for the 10-year bond surged on news that Tokyo may shift the burden to medium-term issues. The yield, which moves inversely to price, closed at the day's low of 1.98 percent, compared with 2.16 percent at Monday's close.

"It is necessary to study the diversification" of bond maturities, given the staggering number of bonds to be issued in the fiscal year starting April 1, said Finance Minister Kiichi Miyazawa.

Mr. Miyazawa said at a news conference that he had ordered ministry officials to "consider" such a move, although he did not give them specific instructions to do so.

The value of 10-year bonds to be issued in the next year would be unchanged from this year at 1.8 trillion yen a month, Mr. Miyazawa said.

He said he did not expect the recent rise in long-term interest rates in Japan to continue in the months ahead.

"A volatile rise or fall in long-term rates is not favorable," he said, "but I don't think the long-term rates will keep rising over the long term."

A Bank of Japan policy board meeting set for Friday also heightened investors' expectations that the bank might buy up part of the new issues.

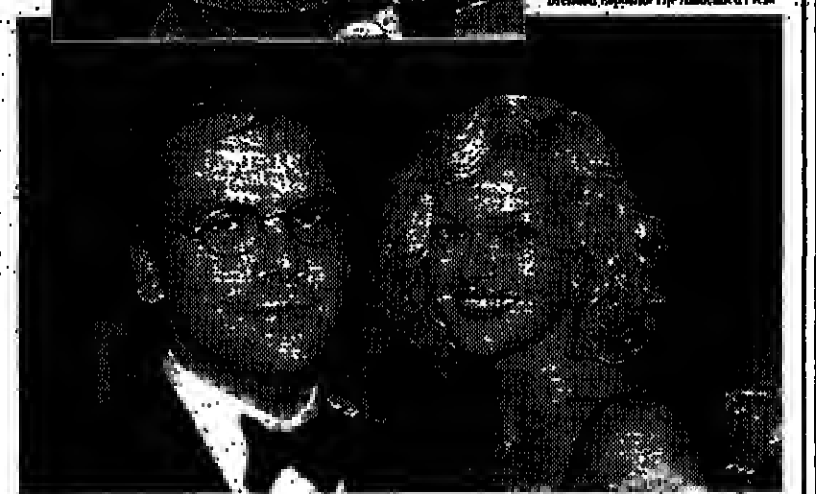
"The market expects they may discuss the possibility of increasing buying of already issued government bonds in the open market" to ease pressure on long-term bonds, said Keisaku Ujihara of Sanwa Asset Management Co. Some investors expect that the central bank will increase purchases of government bonds on the secondary market.

Others expect the Bank of Japan to lower its benchmark short-term interest rate, already at a record low of 0.25 percent. "Less 10-year supply plus a significant increase in ribbon operations could pull down bond yields," said Mr. Ujihara of Sanwa, referring to secondary-market purchases. "If that happens, we could see the benchmark bond yield drop as low as 1.8 percent in the next two weeks."

(AFP, Reuters, Bloomberg)



Lachlan Murdoch, the new senior executive vice president of News Corp., is shown with his father, Rupert Murdoch, above. On left, he sports a new haircut. Below, he is shown with his fiancée, Sara O'Hare.



Murdoch's Son Lachlan Takes Another Step Up

By Michael Perry
Reuters

SYDNEY — Lachlan Murdoch has a gecko lizard tattooed on his forearm as a testament to his passion for rock climbing. And as a climber he knows that to reach the top he has to be patient and calculate every move.

But his rise toward the summit of his father Rupert Murdoch's global media empire News Corp. has been meteoric.

On Tuesday, Lachlan, 27, was appointed senior executive vice president responsible for U.S. print operations, in addition to running Australia's News Ltd., five years after his first managerial job running a handful of newspapers.

In those years Lachlan, Murdoch's third-oldest child, has overtaken his siblings to be appointed heir-apparent to the founder and chairman of the huge media empire.

"This is another step in the test to see whether he's going to take the reins down the track," said one Australian media analyst, who declined to be named. News Corp.'s stock closed at 11.36 Australian dollars (\$7.40), up 0.06.

His first taste of Murdoch newspapers came with stints as a junior reporter on the San Antonio Express-News in Texas and as a copy editor for one of Britain's raucous tabloids, The Sun.

But like his father his real apprenticeship has been in Australia, where in 1994 he was appointed general manager of Murdoch newspapers in the state of Queensland.

Lachlan Murdoch earned a reputation of being "one of the boys" at Brisbane's The Courier-Mail and was constantly in the newsroom.

Within a year he had become ex-

See MURDOCH, Page 12

The Back of the Plane Drags BA Down

Drop in Premium Fliers and Home-Turf Competition Result in Rare Loss

By Tom Buerkle
International Herald Tribune

LONDON — British Airways PLC reported its first quarterly loss in nearly four years Tuesday as competition intensified on North Atlantic routes and budget-conscious passengers continued to seek cheaper seats in the back of the plane.

The earnings report provided the most dramatic evidence to date of the downturn that has hit European carriers in recent months as a result of the global economic slowdown. Although British Airways expressed confidence that cost-cutting and capacity restraint would restore profitability in the medium term, its chief executive, Robert Ayling, acknowledged that it was too early to know whether the revenue trend was bottoming out.

The company, the largest airline in Europe, reported a net loss of £68 million (\$111 million) in its third quarter, which ended Dec. 31, against a profit of £71 million a year earlier. It was the carrier's first loss since the January-March quarter of 1995.

The loss included a gain of £59 million from unpaid employee bonuses but also a charge of £117 million to cover exchange-rate losses on long-term aircraft leases based in yen.

On a pretax basis, the company reported a loss of £75 million, compared with a profit of £80 million a year ago.

Revenue fell 0.7 percent to £2.14 billion, even though British Airways carried about 10 percent more passengers.

All the growth came in the economy section, while premium traffic — business and first-class passengers — fell 2.9 percent. The decline in overall sales and especially in premium seats added up to an 11.3 percent drop in revenue per passenger mile, a key industry benchmark.

"That really sums it up," said Guy Keckwick of Goldman, Sachs & Co. "The pricing environment is very difficult at the moment."

The loss was less than most analysts had expected, given that BA has been reporting sizable drops in premium traffic for the past four months. The airline's stock, which has plummeted 45 percent since July, rose slightly, finishing the day up 2.3 percent at 390.25 pence.

Shares rose last week when the airline announced that its business and first-class traffic fell 1.1 percent in January. That decline was smaller than in the three previous months, leading some analysts to hope that a turnaround was at hand. But Mr. Ayling said it was "too early to say."

Analysts also were encouraged by the

airline's efforts to bring its costs into line with its sluggish revenues. BA said it would trim annual costs by £600 million this year, putting it £100 million ahead of target on a £1 billion cost-reduction program that started two years ago.

British Airways also has promised far-reaching structural changes to rein in capacity, but those plans will take longer to bear fruit.

After expanding capacity by 12 percent in 1998, the airline has told institutional investors that it will increase capacity by no more than 2 percent a year for the next three years. Real change will begin this summer when the carrier starts a three-year program to replace aging Boeing 747 jumbo jets with 46 modern 777s, which seat fewer passengers and have a higher proportion of premium seats.

In the meantime, BA says it is suffering as competitors switch aircraft to North Atlantic routes from Southeast Asia and other areas hit by the global slowdown. The North Atlantic market generated 80 percent of British Airways' profit last year.

Mr. Ayling cited growth by Continental Airlines Inc. in particular, saying the U.S. carrier's flights into regional airports in Britain were putting pressure on prices at London's Heathrow and Gatwick airports, BA's two big hubs.

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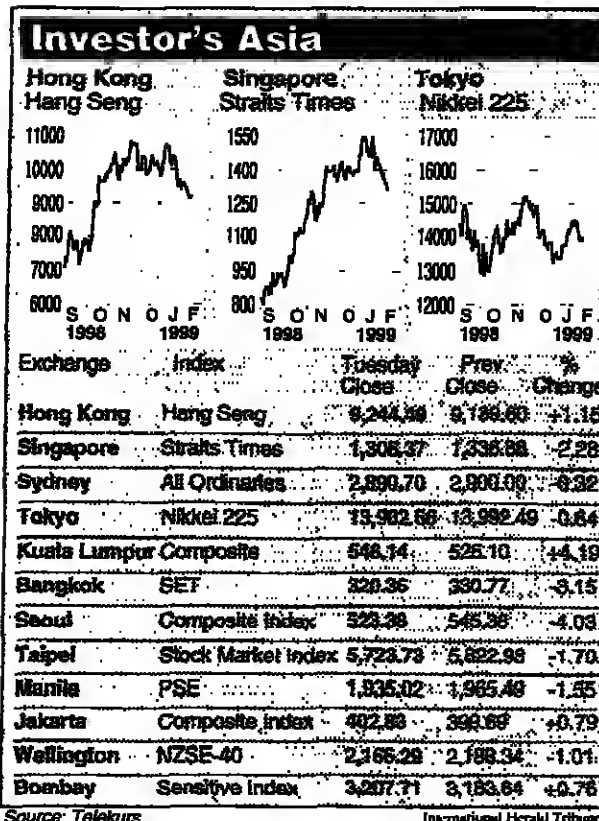
The 2,300 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

時間	項目	金額	備考
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1月3日	現金	20.00	
1月4日	現金	10.00	
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ASIA/PACIFIC



Malaysia Wins Cheers On Tax Plan

Compiled by our Staff From Dispatches

KUALA LUMPUR — Malaysia's central bank made several clarifications to the exit tax it imposed less than a week ago, and stockbrokers and analysts said Tuesday the changes were generally favorable to foreign investors.

The changes effectively make tax-free the profits on foreign funds that are brought into the country before next Monday.

"The stance of these changes is obviously toward making this structure more investor-friendly," said Patrick Tan, an assistant director at ABN-AMRO Asia Equity Research in Kuala Lumpur.

Under rules announced last week, investors who brought money into the country before next week would have had to pay a 10 percent tax if they repatriated their profit after one year, while those who removed their money within a year would not have been taxed on profit.

Malaysia's key stock index fell 8.9 percent in the two days after Finance Minister Daim Zaidin announced the exit tax Thursday. On foreign investments made after next Monday, the rate of the exit tax will depend on the time the funds were in the country, with profit withdrawn in less than 12 months to be taxed at a higher rate.

The composite index rose 22.04 points, or 4.2 percent, on Tuesday, in making the rules conducive to outside investment. Also on Tuesday, the central bank, Bank Negara, clarified the determination of the exit tax rate. It said that after next Monday, the start of the 12-month period for determining whether profits are taxed at 30 percent or 10 percent would be the date of investment, not the date the profit was realized.

Malaysia has estimated that it needs as much as 60 billion ringgit (\$15.8 billion) through 2000 to help recapitalize banks and stimulate the economy. (Bloomberg, Reuters)

China's Cutback Surprises Boeing and Airbus

By Seth Faison
New York Times Service

SHANGHAI — China's decision to ask suppliers of commercial aircraft to delay deliveries to the nation's airlines is a blow to Boeing Co. and Airbus Industrie, the world's leading aircraft makers.

After years of breakneck growth that could barely keep up with surging demand, China's airlines are suffering from serious overcapacity. Fare wars and half-empty flights, unknown in China until recently, are now common headaches for China's two dozen airline companies.

As a result, China's official media reported Monday, the authorities are taking several steps to limit growth in airline capacity. With 43 new commercial aircraft scheduled to be delivered this year, about 40 older planes will be sold, leased or taken out of service.

An unspecified number of aircraft scheduled to be delivered in 2000 and 2001 will be delayed, Wang Zhi, a senior official at the Civil Aviation Administration of China, told the China Daily newspaper. Although Mr. Wang

did not say so explicitly, it seems unlikely that any new orders will be made this year.

Executives at Boeing and Airbus, which eagerly compete for business in China, seemed surprised, even skeptical of the announcement. Dong Yuguo, a spokesman for Airbus China, referred to the report as he said, "You could say we're very curious."

Just two years ago, Boeing projected that China would spend \$140 billion on more than 2,000 aircraft by 2014. But now, China's economy is gradually slowing, and the deeply uncertain economic outlook that hangs over Asia makes it impossible to project aviation growth accurately.

Aviation executives often complain that their business, with such enormous price tags on each aircraft, is particularly vulnerable to shifting policies, domestic and international.

For instance, large orders for aircraft are often timed to coincide with visits by American or European leaders. Of the orders for 57 aircraft that Boeing received from China in the past two years, 27 were formally ordered during President Bill Clinton's visit to Beijing last

June. With China's economic growth slowing, officials wrestling with overcapacity in today's airline market are balking at all the orders already made for new aircraft. Planned expansions at Chinese airports are also being scaled back.

Liu Jianfeng, director of the General Administration of Civil Aviation of China, announced in January that China would cut in half its planned spending on airport renovation, aviation equipment and new aircraft in 1999, to about \$1.5 billion.

China's aviation traffic grew more than 30 percent in 1994 and 1995. In 1996, the growth rate slowed to 12 percent, then to 7.5 percent in 1997 and to 6.3 percent last year, Mr. Wang said. Yet capacity grew faster than that, creating an oversupply of passenger seats.

The 43 passenger aircraft scheduled for delivery this year include 15 Boeing 737s, 3 Boeing 757s, 19 Airbus 320s, a Boeing 747 and 2 Boeing 777s, China Daily reported.

Airlines will try to sell or lease some of their aircraft, Mr. Wang said. They will also rearrange air routes to try to improve passenger loads.

Very briefly:

■ Nissan Motor Co. plans to hire just over 150 new graduates in April 2000, down sharply from the 1,197 new graduates due to join the company in April of this year. It will hire a total of 130 university and technical college graduates as engineers in 2000, down from the 278 recruited to start this April.

■ Standard & Poor's Corp. lowered its ratings on nine companies, including NEC Corp., Matsushita Electric Industrial Co., Japan Airlines Co., Komatsu Ltd., Mitsubishi Electric Corp. and Mitsubishi Estate Co., citing concern that Asian economic turmoil is taking a toll on trading companies.

■ Salomon Smith Barney Inc. filed a federal lawsuit in New York against Ssangyong Business Group seeking \$8.1 million it says it did not receive for work the investment firm did on the sale of three of Ssangyong's units.

■ Three senior executives of Guanrong (Holdings) Ltd., a financially troubled China-backed firm based in Hong Kong, resigned after the discovery of accounting irregularities.

■ Asahi Glass Co., Japan's largest glassmaker, will eliminate 900 jobs, or 11 percent of its total, by March 2000 to reduce costs.

■ Vietnam hopes to sell stakes in 500 state-owned enterprises this year as part of efforts to streamline the sector and quickening the process of "equitization." Hanoi's term for privatization of state firms.

Reuters, AFP, APF

Mitsubishi Chemical to Close 6 Sites

Compiled by our Staff From Dispatches

TOKYO — Mitsubishi Chemical Corp., Japan's largest chemical company, said Tuesday it would close six factories and cut its workforce by 18 percent to cut costs and restructure.

The company said it would suspend production at three chemical plants, two coke plants and one computer hard-disk plant starting as early as next month.

Mitsubishi Chemical, which employs 11,000 people, said it planned to cut 2,000 jobs by March 2001 by hiring fewer graduates, encouraging managers as young as 45 to take early retirement and transferring workers to affiliates.

The company said the actions were necessary because of falling demand for its products amid Japan's worst recession since World War II.

"Because ethylene has been in oversupply, we decided to close an old and uncompetitive ethylene plant" in Yokkaichi in western Ja-

pan, a Mitsubishi Chemical executive said.

Mitsubishi will close the ethylene plant and consolidate the operation at two other plants, it said. Ethylene is a petrochemical product used in plastics and other downstream industries.

"The main focus of the restructuring efforts is closing the ethylene plant in Yokkaichi," said Nobuyuki Tsuzuki, a fund manager at Sanwa Asset Management Co.

Other restructuring measures include cutting the pay of executives and managers as of April 1 and reducing spending on research and development.

The company said it would cut such spending to 54 billion yen (\$471.5 million) in the year starting April 1, a reduction of 10 billion yen from its initial budget for the current financial year and 6 billion yen lower than the amount it will actually spend this year.

The actions are expected to re-

duce the company's operational costs by 40 billion yen annually, an amount equal to about 10 percent of the company's group pretax profit in the year that ended last March.

The company, whose primary products are petrochemicals such as ethylene and polyethylene, plans to establish a holding company as soon as the government revises the tax system to support such a corporate structure.

Some analysts said the moves did not go far enough. "The company has no focus," said Nicholas Smith, an analyst at Jardine Fleming Securities Japan. "They need to choose a core business and stick with it, as well as cut capacity and fire people."

Mitsubishi Chemical's shares fell 2 yen to 256. The company was formed in 1994 when Mitsubishi Petrochemical merged with Mitsubishi Kasei, which specialized in producing refined chemical products.

South Korea Banks Post Record Losses

Agence France-Presse

SEOUL — South Korean banks lost a record 14.48 trillion won (\$1.2 billion) last year as regulators heightened scrutiny of their operations, the Financial Supervisory Commission said Tuesday.

The figure represents a 370 percent increase from the previous year's loss of 3.88 trillion won, the commission said.

"It was a record net loss," a commission official said, adding that only three of the country's 22 institutions — Hana, Koriama and Shinhan banks — posted profits last year.

The steep increase in losses reflected stricter regulations on provisions for bad loans, an increasing number of corporate failures and a rise in reserves for retirement pay.

Net losses at five major banks — Seoulbank, Chohung, Hanjin, Korea First and Korea Exchange banks — accounted for 76 percent of the total.

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INTERNATIONAL INVESTING

A Cyberspace Baron With No 'Bubble' Fears

By Geanne Rosenberg
New York Times Service

NEW YORK — As investment pundits warn about an Internet bubble and Bill Gates of Microsoft Corp. wonders where the mania for Internet stocks will end, Michael Egan is quietly keeping his chips on the virtual table.

Mr. Egan, 58, knows something about building companies. He made a fortune by turning around the Alamo rental-car company and selling it to Republic Industries Inc. in 1997 for \$625 million, getting about \$587 million for his stake. Then he started an investment company, Dancing Bear Investments, and looked for promising businesses.

About that time, he said, he was becoming infatuated with cyberspace. "I started doing a lot of business electronically with the airline reservation systems and the Internet," he said. "It was quite apparent that it was going to be the major economic revolution of the world since maybe the printing press or currency."

But Mr. Egan was not about to invest in a company just because it had "dot-com" in its name. He was looking for a startup nobody else had heard of and true grit in the

people in charge. "They had to have a high, high work ethic," he said. "They had to be able to suffer a blow."

Mr. Egan, an alumnus of Cornell University, mentioned to the university's president one day that he was looking for a "media play on the Net." Perhaps, he was told, he should check out a company called Theglobe.com that a couple of recent graduates, Todd Krizelman and Stephan Paternot, had started while still in college.

Theglobe.com calls itself an Internet "community" that offers its users entertainment, information and shopping opportunities. Mr. Egan liked the concept and flew to Ithaca, New York, to have lunch with the two men. After five hours of talks, he made it clear he wanted to buy into their venture.

In February 1997, he dispatched Edward Caspeides, a Dancing Bear executive, for follow-up talks. "Ed was told that he couldn't leave the office until the negotiation was done," said Mr. Krizelman, now 25, one year older than his partner. "He lived on our couches in the office and shared meals with us." Six months later, Egan paid \$20 million for a 51 percent stake in the company.

The payoff came Nov. 13. In its first day of trading, the stock of Theglobe.com rocketed 606 percent, from \$9 to \$63.50, the biggest first-day run-up of any initial public offering. "It was an adrenaline day if there ever was one," Mr. Egan said. His stake of about 6 million shares is now worth \$382 million.

Mr. Egan has made other smart investments, notably a controlling stake in Nantucket Nectars, a Massachusetts-based juice maker, that he sold last year to Ocean Spray Cranberries Inc. for an undisclosed profit. Even for this low-tech venture, his enthusiasm was boundless.

Tom First, one of the founders, recalled a conversation on a private jet. "He starts talking about how the company would be a \$200 million company within five years, while I'm concerned that on our one van in Boston, the shocks were blown out."

Mr. Egan has used some of his wealth to lead the life of a country squire, building a \$12 million mansion in Fort Lauderdale, Florida, for temporary shelter while he renovated his main spread nearby, and assembling a collection of cars, a compound of 15 houses, a dining hall, a movie house and a baseball diamond for a family that includes

five children and three grandchildren.

But his fears after selling Alamo — that he would "dry up and blow away" — proved groundless.

As a young man, Mr. Egan at first pursued a career in tourism. But a "bumbling" job in food service, followed by a low-paying stint in academia, cooled that ambition, and he jumped at the chance to run an old friend's family business.

Sitting in the cluttered office of Theglobe.com recently, he looked more like an artist than an investor with his snowy white hair, black pullover sweater and black trousers. But he talked like an investor as he dismissed fears about an Internet stock bubble.

"There's a very good reason a lot of capital is pouring into the Internet," he said. "Fifty million or 100 million dollars being joined with 3 billion users."

In other recent deals, Mr. Egan bought and sold Autobytel Internet Inc. and bought a majority stake in Inteltravel, a privately held Internet travel company.

He plans to take public his own startup, Certified Vacations, a travel company, at the end of this year. And Theglobe.com has announced its first acquisition, the expected purchase of



Michael Egan's big media play was bankrolling Theglobe.com.

Azzaz.com, an Internet retailer.

What drives Mr. Egan? He says he wants to help young entrepreneurs make their way. The other day, he said, he had breakfast with the two founders of Nantucket Nectars, both in their 30s. "You see the enthusiasm for life in their eyes and hear it in their voices," he said. "Maybe I'm trying to recapture my youth."

Monitor Day Trading, NASD Urges Brokers

The Associated Press

WASHINGTON — The head of Wall Street's self-policing group has asked brokerage firms to report any problems arising from day trading.

Frank Zarb, the chairman and chief executive of the National Association of Securities Dealers, which operates the Nasdaq Stock Market, said in a letter to Association members that "investors must be made to understand what they are getting into."

Mr. Zarb noted the "sometimes frenetic" electronic stock trading of recent weeks and the rising number of amateur day traders — who he said "may not be able to absorb the risk" when they are extended credit to trade.

Unless trading firms respond appropriately, Mr. Zarb warned, "we increase investor risk, with some losing savings that they cannot afford to lose."

Day trading has attracted a small but growing breed of investors — estimated to number a few thousand nationwide — many of whom have abandoned their regular jobs for the prospect of quick riches. Day traders seek stocks solely for short price swings, buying and selling them quickly to capitalize on the short-term movement in price.

But securities regulators have expressed concern that some day-trading companies, which sell training courses and specialized software and provide computer work space to investors, could be misleading them about potential profits and causing them to get in over their heads. State regulators have stepped up their scrutiny of day-trading firms and a handful, particularly in Massachusetts, have filed fraud charges against them.

The Electronic Traders Association, which represents day-trading companies, said last week it was concerned that people could be getting involved without "a clear understanding of the effort required to become successful and the potential risks."

Suddenly, Analysts Decide U.S. Earnings Won't Be So Bad

By Richard A. Oppel Jr.
New York Times Service

NEW YORK — Now that U.S. fourth-quarter earnings are mostly in the books, it is clear that the worst fears about last summer's emerging-markets panic did not pan out. Indeed, it suddenly seems that many naysaying forecasters are painting a far brighter earnings landscape for 1999.

At Merrill Lynch & Co., economists recently raised their forecast for earnings growth of the companies in the Standard & Poor's 500-stock index to 3.5 percent in 1999, in contrast to a prediction made in mid-December of a 5 percent drop — a

swing of 8.5 percentage points in less than two months.

The change resulted from "continued strength in the economy and less pressure on profit margins, which is the result of continued restructuring," said Gerald Cohen, a senior economist at Merrill Lynch.

The company is far from alone in its optimism. "I'm very bullish on corporate earnings," said Byron Wien, U.S. strategist at Morgan Stanley Dean Witter & Co. "The economy has a lot of momentum, and I'm optimistic earnings are going to exceed expectations."

Among strategists, the average estimate for earnings growth is 4.1 percent for companies in the S&P

500, compared with 0.2 percent in 1998, according to IBES International, a research company. Among industries in the index, the engines appear most likely to be technology, health care and perhaps energy — a 1998 loser that many analysts see stabilizing in 1999.

That is good news for investors, especially with the stock market at record levels and valuations. In the absence of lower interest rates, better profits are probably the best catalyst for more market gains.

Some strategists suggest that the factors that hurt earnings in last year's third quarter — the first time in seven years that profits of American corporations had fallen — have

proven short-lived. Edward Kerschner, a PaineWebber Group strategist who says he expects profit growth of 5 percent to 8 percent in 1999, contends that the poor third quarter resulted from several coincidental factors, including the market plunge in August, the General Motors Corp. strike and a steep drop in oil earnings.

Yes, emerging markets still gyrate. But in the case of GM, the company has already stunned industry analysts by suggesting last month that its earnings could top \$10 a share in 1999 if the company met aggressive financial and production targets. And many analysts do not think oil prices can fall much

below their current \$12 level.

Why are analysts optimistic?

In technology, they see continuing strong sales of personal computers, software and semiconductors. Health care, meanwhile, is getting help from continued good results at pharmaceutical companies, which have produced an array of new drugs.

Still, strategists say several sectors could disappoint this year, particularly two that can suffer in periods of slow growth: basic materials and commodity companies and capital-equipment suppliers such as Case Corp., Deere & Co. and Caterpillar Inc. "That's where the real vulnerability is," said Chuck Hill, director of research at First Call in Boston.

Very briefly:

• The heavy metal band Iron Maiden became the latest musical act to hit Wall Street with the closing this week of a \$30 million bond offering backed by future royalties from hits such as "Bring Your Daughter to the Slaughter."

• India's passion for software stocks is running so wild that some speculators are said to have snapped up shares in an underwear manufacturer named Softwear.

• A series of corporate financial fiascos has drawn the attention of U.S. stock-market regulators, who have issued proposals to companies to increase the power and independence of their audit committees.

• Birkert & Fleckenstein AG, a German brokerage specializing in derivatives, plans to sell 312,400 shares next month for funds to invest in its on-line services.

• Michael Lind and Christina Richardson, who managed about \$150 million in assets for the family of the Borders Group Inc. co-founder Louis Borders, have set up a firm, Meritage Advisors LLC, aimed at wealthy investors.

Reuters, AP, Bloomberg

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February 9, 1999

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POSTCARD

Marketing George

By William L. Hamilton
New York Times Service

MOUNT VERNON, Virginia — He is the other president with a problem.

"I know that he was one of the first presidents," Lon Beard, 10, said of George Washington during a visit to his 18th-century estate. Lon's sister, Coral Krebs, 28, added, "He's on the dollar bill."

Posterity is a rough game. After more than 200 years in the public eye, George Washington has been boiled down to a fact and some change.

But the first president has his first-ever media and marketing team. And 1999 is a campaign year: the year Washington goes for the hearts of his countrymen.

Troubled by stagnating attendance and a rocky recognition factor, especially among schoolchildren, the directors of Mount Vernon, the capital of Washington's legacy, have inaugurated a \$3 million public relations campaign to reposition him as a national figure with what the spinmasters might call "heat."

"We were looking for something with a lot of sizzle," said Michael Quinn, one of the campaign men. "He had great name recognition, but not a real high quotient of excitement. Dull, boring. He was the first president. Of course. So what?"

The campaign is "Only in 1999," the name for a year of celebration tagged to the bicentennial of Washington's death on Dec. 14, 1799.

In what scholars are afraid is a crowd-pleasing shift from education to entertainment at historic sites, Mount Vernon's advance guard has sent out 2,000 press kits and contacted 50,000 communities to encourage festivities that range from planting trees to

tolling bells. Two new Web sites and three new books, including his diaries, will also help to establish Washington as First Guy: architect, environmentalist, entrepreneur, fashion plate, both flawed and fascinating. Robert Redford wants to make the movie.

Washington is already on the road with a blockbuster show, "Treasures From Mount Vernon," parked at the New York Historical Society until Feb. 22. His ivory teeth, if not his smile, have been a great photo op.

On Feb. 15, Presidents' Day, the day he must share with Lincoln, he will be reintroduced at his home by the Potomac River. Mount Vernon has added a new museum and refurbished the mansion with 100 objects owned by Washington. A new "Death and Funeral Procession Tour" will provide black armbands for visitors. The master bedroom will be set up as the death scene, complete with blood-letting equipment used by physicians who tried to save him from his sudden cold.

"Nearly a third of his blood was drained," said Sally McDonough, manager of media relations at Mount Vernon. "That took us two days to figure out." There was discussion of piping in bad sniels, but consideration of the idea was put on hold because staff historians could not agree on what would be authentic to the period.

The celebration will be capped by a televised 18th-century state funeral on Dec. 18. "We're going to try to make it feel like the Diana funeral," said Melissa Groppe, manager of special events, who is handling the hand-crafted coffin and costumed cortege.

'Death of a Salesman' Brings Miller's Art to Life

By Michiko Kakutani
New York Times ServiceNEW YORK — A half century after its premiere, "Death of a Salesman" has become an American classic — a perennial produced around the world, from Baltimore to Beijing, and routinely taught in high-school English classes and mounted in community theaters. The play has become an institution, part of the accepted theater canon, and today even boasts its own Web site (www.deathofasalesman.com), where, in an ironic twist on its central theme, you will be able to purchase souvenirs.

With the opening Wednesday of the Goodman Theater's production of "Salesman" at the Eugene O'Neill Theater on Broadway — 50 years to the day from the play's 1949 world premiere — many of the debates that attended the original opening have long since become obsolete. We no longer question whether a play about a little man (a "low man," as opposed to a king or powerful ruler) can be called a tragedy, just as we no longer question the ethnicity of the play's hero, the Jewishness or non-Jewishness of his location.

At the same time, however, other debates persist. While "Salesman" has continued to enjoy enormous popular success, both the play and its author have maintained a less than stellar reputation among many high-brow critics. "Salesman" has been debunked as a didactic commentary on the bankruptcy of the American dream of success, while Arthur Miller has been dismissed as an epigone of Ibsenism, a preachy, pompous and portentous writer who belongs to a middlebrow, pre-modernist past.

In retrospect, it is an overly simplistic judgment — especially when it comes to "Salesman." Miller's most famous, most enduring and in many ways most anomalous play.

Ironically enough, Miller's own ponderous pronouncements have tended to reinforce the perception of his work as an outmoded form of social realism. In one 1950 essay, he argued that "Death of a Salesman" — which chronicles the last day in the life of a salesman named Willy Loman, who has lost his job and, he fears, the love of his son Biff — is "the tragedy of a man who did believe that he alone was not meeting the qualifications laid down for mankind by those clean-shaven frontiersmen who inhabit the peaks of broadcasting and advertising offices."

Willy the failed salesman and willful sui-



Arthur Miller believes works of art can "change the consciousness of people."

cide, Miller suggested in his own autobiography, represents the face of a true believer in America's false dream of success: "This pseudo life that thought to touch the clouds by standing on top of a refrigerator, waving a paid-up mortgage at the moon, victorious at last." His single-minded pursuit of success has blinded him to the love of his own family, robbed him of his sense of self and left him to subsist on a diet of illusions.

In contrast to Eugene O'Neill, who declared that he was "interested only in the relation of man and God," Miller has implied that the tragedy in his own work springs from the relation between man and his environment, between man and the conditions that suppress him and pervert "the flowing out of his love and creative instinct."

The playwright's own unhappy experiences during the Depression and the 1950s, when he was convicted of contempt of Congress for refusing to name names before the House Un-American Activities Committee, persuaded him, he has said, that politics "determines the exterior of your personality." He remained convinced, he once stated, that all serious plays ultimately ad-

dress a single question: "How may a man make of the outside world a home?"

Truly great work, he said in a 1958 interview, is "that work which will show at one and the same time the power and force of the human will working with and against the force of society upon it."

Yet in Robert Falls's darkly hued new staging from Chicago, "Death of a Salesman" seems less a social drama than a fierce portrait of a father and son, caught in a fatal embrace of love and resentment and guilt.

And Brian Dennehy's Willy Loman seems less a man, in Miller's words, who "embodies in himself some of the most terrible conflicts running through the streets of America today" than a perpetual adolescent caught in the dizzying gap between reality and his own expectations. This Willy Loman, like Dustin Hoffman's in 1984 on Broadway, may not be a tragic figure, but he is a touching one, subsisting on past memory and future hope. His dilemmas are more psychological than sociological, more existential than environmental.

The play's structure, too, seems a far cry from the rough-hewn carpentry often as-

sociated with Miller's work. There is a dreamlike quality to "Salesman," an expressionistic invocation of shifting moods and time frames.

Certainly "Salesman" has its problems: a paint-by-numbers Freudianism, a conveniently withheld secret that overshadows the second act, and supporting characters who are little more than cardboard cutouts.

These flaws, however, are subsumed by the play's visceral and deeply affecting portrait of father and son. The play limns Willy's fears of losing Biff's love and his own longings for immortality — his desire not just to be liked, but to be well liked — and it immerses the audience in Willy's conflicted, contradictory state of mind.

The play was constructed on the premise that Willy, in his growing panic and confusion, sees time not as a continuum but as a simultaneity of moments past and present. In the play's confessional structure, current anxieties fade into remembered guilt, and dreams and regrets blur and overlap.

In recent years, the most successful productions of Miller's plays have played down the political, polemic aspects to reveal their psychological subtext, the bedrock emotions of sexual passion and familial love, betrayal and guilt that lurk beneath the sociology.

Their success underscores the current renaissance that Miller has been enjoying — not just in Britain, where his work has found a ready audience among theatergoers reared on politically committed playwrighting, but also in the United States, where the Signature Theater Company recently completed a year-long retrospective of his plays in New York.

What accounts for Miller's continuing appeal? Perhaps some of the very aspects of his work that seem so old-fashioned — his moral seriousness and fondness for mythic intonations — are refreshing anomalies in this age of relentless irony and cynicism.

In a day when the avant-garde has insistently purveyed a vision of a fractured world, Miller's assumption that "life has meaning" appeals to our vestigial belief that the dots can be connected, that a pattern can be found in the carpet. In a day when the arts are increasingly becoming a form of entertainment, his efforts to address the large questions of right and wrong suggest that the theater can still provide a venue for intellectual debate.

Indeed, his plays attest to his own belief that works of art can "change the consciousness of people and their estimate of who they are and what they stand for."



PHOTO OP — Kevin Costner and Robin Wright Penn at the Los Angeles premiere of their movie "Message in a Bottle." Paul Newman also stars.

PEOPLE

THE OPERA diva Maria Callas claimed to have continued an "amorous friendship" with Aristotle Onassis after he married Jacqueline Kennedy, according to the March issue of Vanity Fair. "He did not marry for love," she was quoted as saying. "It was more a marriage of business convenience." The article is based on interviews with Callas from 1947 to her death in 1977. The excerpted quotes are from the book "Maria Callas: Sacred Monster," by Stelios Galatopoulos, to be published in March.

The cartoonist Charles Schulz said he wasn't prepared for a multi-ethnic Broadway revival of "You're a Good Man, Charlie Brown," but was willing to give it a shot. The play includes a piano-playing Schroeder who is black and an Asian Linus, still trailing his blanket. Schulz told the Press Democrat of Santa Rosa, California, in an interview published Sunday, that he was not racist — he was only concerned about others tinkering with the "Peanuts" gang he still

owns. If people are "willing to accept that Lucy's leaning on the piano playing up to a black Schroeder, all right, let's see how it goes," Schulz said. The production opened Thursday to mixed reviews.

Tammy Wynette's doctor says there is no reason to suspect that the country music superstar died from anything other than a blood clot. Willis Marsh of the University of Pittsburgh Medical Center responded Monday to a campaign by three of Wynette's daughters to exhume their mother's body for an investigation into the cause of her death in April. Wynette was 55 when she died.

Rod Stewart is hoping for a reconciliation with his wife of eight years, Rachel Hunter. But "it's all too early to tell," he said in USA Today on Monday. "I'm not holding my breath. I'm moving on with my life, and she is moving on with hers. We'll see what happens." The couple, who have two children aged 4 and 6, separated in January.

'Shakespeare' Tops Oscar Nominations

Reuters

LOS ANGELES — The romantic comedy "Shakespeare in Love" snared 13 Oscar nominations Tuesday, gearing up to do battle for best picture of 1998 with the World War II epic "Saving Private Ryan," with 11 nominations. "Life Is Beautiful," "Elizabeth," and "The Thin Red Line."

John Madden was nominated as best director for "Shakespeare," as was Steven Spielberg for "Ryan," Peter Weir for "The Truman Show," the Italian Roberto Benigni for "Life Is Beautiful" and Terrence Malick for "The Thin Red Line." "Life Is Beautiful" also was nominated as best foreign language film, the first time a movie has earned nominations in both categories since 1969. It will compete against "Central Station" from Brazil, "Children of Heaven" from Iran, "The Grandfather" from Spain and "Tango" from Argentina.

In the best-actress category, Gwyneth Paltrow was nominated for her role in "Shakespeare in Love," Fernanda Montenegro for "Central Station," Cate Blanchett for "Elizabeth," Meryl Streep for "One True Thing" and Emily Watson for "Hilary and Jackie." Tom Hanks, who has already won two best-actor Oscars, was nominated for his role in "Ryan." He was joined by Ian McKellen for "Gods and Monsters," Benigni for "Life Is Beautiful," Nick Nolte for "Affliction" and Edward Norton for "American History X."

Kathy Bates was nominated for best supporting actress for her role in "Primary Colors," Brenda Blethyn for "Little Voice," Judi Dench for "Shakespeare in Love," Rachel Griffiths for "Hilary and Jackie" and Lynn Redgrave for "Gods and Monsters." Nominated for best supporting actor were James Coburn for "Affliction," Robert Duvall for "A Civil Action," Ed Harris for "The Truman Show," Geoffrey Rush for "Shakespeare in Love" and Billy Bob Thornton for "A Simple Plan."

The Oscars will be awarded March 21.



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